

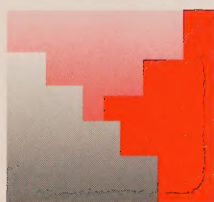
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10 Steps to Export Success



Canada



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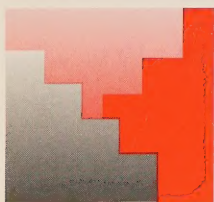
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10 Steps to Export Success

Revised Edition, March 1997

This publication and additional export
information are available on-line at:
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Trade ... A Jobs
Strategy Priority



Government of Canada

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Introduction

Exporting can bring significant benefits. It can also place demands on companies that they may or may not be prepared to meet. *10 Steps to Export Success* is designed for Canadian enterprises, whether large or small, that are considering the possibility of exporting or of expanding into new markets.

There has never been a better time for Canadians to export. Decreasing trade restrictions, abundant international business opportunities, the globalization of markets, and rapid improvements in worldwide travel and communications make exporting in the nineties more viable than ever before, for large and small businesses alike.

In particular, the opportunities available to smaller enterprises in the international marketplace are better now than they have ever been. Partnering with large firms has become a viable option by which to gain access to foreign markets. For their part, large firms are interested in forming partnerships and alliances with smaller firms to make use of their entrepreneurial capabilities and to pursue opportunities in specialized areas and market niches.

10 Steps to Export Success will give you an understanding of the realities of exporting, and provide you with solid, straightforward information on how to assess your export capabilities. It will also guide you through the process of planning and executing your first exporting venture.

For more experienced exporters, this publication directs you to sources of valuable information on programs and services that can help you to establish or expand your export operations and enter new foreign markets.

10 Steps to Export Success will take you through the steps you need to be successful in today's global business environment.



1 Evaluating your export potential

Let's start by taking a look at some of the activities involved in exporting – activities that require time, effort, money and expertise, all of which should be assessed before entering the international marketplace.

The first step is to evaluate your export potential by taking a careful look at yourself. Determining whether your product or service is suitable for sale abroad begins with an evaluation of its competitive strengths and weaknesses in the Canadian market. It involves knowing who buys your product or service at home, what needs it satisfies for existing customers, and its strengths and weaknesses in comparison to the competition.

By answering the following questions, you should be able to assess the competitiveness of your product or service.

- Who already uses your product or service? Is it in broad general use or is it limited to a particular group? Is it particularly popular with a certain age group?

Evaluate both your organizational and product readiness for exporting in the following areas:

- financial resources
- commitment to exporting
- possible competitive advantages abroad

- What modifications are required for it to appeal to customers in a foreign market?
- Is its use influenced or affected by climactic or geographic factors? If so, what are they?
- What is its shelf life? Will it be reduced by time in transit?
- Does your product or service involve operating costs? If so, what complementary equipment or services must the customer buy?
- Does it require professional assembly or other technical skills?
- Is the packaging particularly expensive? Can it be modified to recognize the specific demands of the foreign customer? Does it require special documentation? These costs should be added to the unit cost to determine whether or not you can export at a competitive price.
- What are the technical or regulatory requirements? They may differ from country to country.

- What after-sales service is needed? Is it locally available or is it up to you to provide it? If you need to provide it, do you have the resources?
- How easily can it be transported? Would transportation costs make competitive pricing a problem?
- Will you be able to serve both your domestic customers and your new foreign clients?
- If domestic demand increases, will you still be able to handle the requirements of your export customers?

Once you've taken a close look at your company's current structure and evaluated the international potential of its product or service, you should have an idea of your export potential. If you already have your hands full meeting demand from Canadian customers, or if you have significant cash flow or working capital problems, you should be cautious about launching an export venture at this time. On the other hand, if your analysis suggests that your product or service can be modified to meet conditions elsewhere, or that you enjoy a distinctive competitive advantage, move on to the next section of *10 Steps to Export Success* and start selecting your target market.



2 Selecting and researching your market

The export process begins with selecting a suitable foreign market. If your preliminary assessment indicates that your company and its product or service is export ready, the next step is to take a look at a number of prospective foreign markets and gather more information on the ones that seem most promising.

The following is a summary of the type of information you'll need to successfully select a foreign market for your product or service.

Target Market Assessment

- statistics on trade with Canada and other countries;
- business practices and customs;
- transportation and communications networks (infrastructure) – quality and reliability;

Concentrate your efforts on one or two specific markets that offer the best potential:

- use an initial screening to identify a few promising markets
- consider product potential, tariffs and non-tariff
- examine local distribution options
- get information about the size of the markets for your product, who supplies them, and key competitors
- find out about significant cultural features and local business practices
- select the market(s) on which you want to focus

- economic situation;
- political environment;
- credit standing.

Target Market Background

- size of country and potential market;
- climate and terrain;
- distance from Canada;
- size and distribution of population;
- statistics on average income;
- country's plans for development and whether those plans are likely to enhance or diminish acceptance of your product or

service, affect the purchasing power of your customers, or influence the attractiveness of your product or service.

Target Market Accessibility

How easy or difficult will it be for you to introduce your product or service to a particular market? You should consider:

- whether or not there are any restrictions on imports through taxes, import duties or quotas. What are the country's policies and attitudes toward imports from Canada?
- the access for and acceptance of foreign products or services;
- existing currency controls – is the currency convertible and are there bilateral or multilateral agreements that favour the goods and services of other countries?

Sales Potential

The level of demand and long-term potential sales may be influenced by:

- competition your company faces from present and future domestic supply;
- price differential between your product or service and those of the competition;
- emerging trends by volume, value and country of origin;
- general market's acceptance of, or resistance to, new products and services;
- need to win customer acceptance by adapting your product or service to accommodate local preferences and regulations in size, quality, packaging, etc.

Most small Canadian companies that are just beginning to export start with the United States. Proximity is one factor, but Canadian firms can also take advantage of close cross-border business ties, a common language and culture as well as similar consumer tastes and business practices. In addition, the North American Free Trade Agreement (NAFTA) has liberalized trade between the two countries making it easier for first-time exporters to enter the market.

Taking part in a trade fair or exhibition is a relatively inexpensive way for a Canadian company to begin exploring a foreign market. A few days at a trade fair will give you a feel for products and prices, as well as the style and sophistication of potential competitors.

Establishing personal contact through these events is often the best way to enter an export market. It is a good opportunity to speak to the people in charge and to see products firsthand. (*See Annexes III and IV.*)

Federal, provincial and municipal governments and a variety of business groups sponsor trade missions that can be invaluable in opening doors to foreign markets. Mission organizers handle many of the logistical details, leaving you free to concentrate on business. (*See Annex 1, Points of Contact and Sources of Information.*)

Now that you have selected your market(s), the next step is to choose a suitable entry strategy.



3 Choosing an entry strategy

Export success depends on many factors. If you are a manufacturer, you should have an effective way of getting your goods into and distributed in the foreign market, which may involve using intermediaries, direct selling or partnering. If you export services, you should have a mechanism that will help you secure and manage contracts in the market, which usually involves some form of local presence.

The characteristics and regulations of the target market will help you determine which entry strategy to pursue. For example, for relatively accessible markets such as the United States, direct selling may be a viable option. For other markets, with cultural differences, complex local business practices and unfamiliar legal environments, it is often better to find a local partner.

Choose from the various market entry options, such as selling directly to foreign distributors or end users, using a foreign agent or representative, relying on a Canadian-based intermediary or establishing a presence in the target market, by working through these procedures:

- establish criteria for assessing market entry options
- examine options and select the best one
- find an appropriate partner in the target market

Intermediaries

For most new exporters, using intermediaries such as an agent, foreign distributor or a Canadian trading house is likely the best entry option.

Agents and Representatives

An **agent** secures orders from foreign customers and receives a commission from the exporter. A **representative** is a specialized agent who generally operates within a specific geographic territory and who sells related lines of goods.

Both agents and representatives are authorized to enter into contractual sales agreements with foreign customers on behalf of the Canadian exporter. They are usually paid on a commission basis only when they sell your product.

An agreement with a foreign agent or representative immediately gives the Canadian company an estab-

lished sales presence in the foreign market. This approach is less costly than setting up your own direct sales operation and allows you to make more frequent sales calls. It also gives you control over the product and its price – an important advantage.

A good foreign agent or representative can be helpful in many ways, including gathering market intelligence, advising on financing and transportation, clearing Customs, providing access to potential customers, making collections, and supplying information on local business practices, legal rules and cultural traditions.

Foreign Distributors

Unlike agents, distributors actually purchase the exporter's product and resells it to local customers. Often, distributors set the selling price, provide buyer financing, and look after warranty and service needs.

A significant advantage is that the distributor is often able to provide after-sales service in the foreign market. On the other hand, exporters that use a foreign distributor will experience reduced profit margins and have less control over their product and price.

Selecting an Agent or Distributor

Many avenues are available to help you select a foreign agent or distributor. Canadian trade offices abroad, trade associations, business councils and banks can be useful sources of information, and talking with other Canadian exporters or potential foreign customers may help you identify prospective agents or distributors. Government agencies and

departments, particularly the Department of Foreign Affairs and International Trade (DFAIT), can provide advice and information on foreign markets, distribution channels, trade fairs, suitable agents or distributors and may be able to identify potential foreign customers. (*Annex 1 of this publication contains a complete list of useful contacts and sources of assistance.*)

Once you have developed a list of candidates to sell or distribute your product, you should visit the market to meet with potential agents or distributors. The following questions will help you determine if they suit your sales or distribution needs:

- How many companies/products have they successfully represented or marketed?
- What is their financial condition?
- What kind of local business representation can they provide?
- What marketing and promotional programs do they have in place?
- Who are their current customers?
- Do they provide after-sales service?
- What are the terms and conditions of sale and payment?

Talk to several firms and check their references to ensure that you find a reputable agent or distributor. You can also protect yourself by entering into a limited-term trial agreement – if the foreign intermediary does not meet your expectations, you can find an alternative after the trial period is over.

Trading Houses

Trading houses are domestically based intermediaries that market Canadian goods abroad. A full-service trading house handles many aspects of exporting, including conducting foreign market research, arranging transportation, appointing distributors or agents, exhibiting at trade fairs, advertising and documentation.

Some trading houses act as “principals” or “export merchants,” buying products outright from Canadian suppliers, while others act as agents, selling on commission. Some specialize in particular sectors, such as agri-food or telecommunications, and some focus on particular foreign markets.

Trading houses are often used by new exporters that do not want to sell directly to foreign customers or go through the process of finding a foreign agent or distributor.

Direct Sales

Selling directly to foreign customers may yield higher margins than selling through an agent or distributor and may also mean lower prices for the customer. In addition, it allows the seller to benefit from closer contact with end users. But direct distribution can also have disadvantages. Since the company will not have the services of a foreign intermediary, it will have to take the time to become familiar with the foreign market and the export process. Building a direct sales force can also entail a significant commitment of time, effort and especially money.

Partnerships

Another option is to develop some form of partnership abroad that can help you overcome the challenges of doing business internationally.

There are many advantages associated with partnership arrangements. A local partner can complement a company's capabilities, providing the expertise, insights and contacts that can make the difference between success and failure.

A well-structured partnership offers concrete benefits to both parties:

- each company focuses on what it does and knows best;
- partners share the risk;
- partnering extends each party's capabilities into new areas;
- ideas and resources can be pooled to help both sides keep pace with change;
- small firms can use partnering to take advantage of economies of scale;
- through partners, a company can approach several markets simultaneously;
- partnering can provide a firm with technology, capital or market access that it might not be able to afford on its own;
- both parties can transform the synergy gained into a competitive advantage.

Developing a Partnering Strategy

There are three basic steps in developing a partnering strategy:

- deciding whether or not partnering is appropriate for your company;
- defining the form and structure of the partnership that best suits your needs;
- finding a partner that meets your criteria and complements your strengths and weaknesses.

Before investing time and money in finding a partner, make sure that partnering makes sense for your company. If your needs can be satisfied in-house within a reasonable time frame, a partner may be unnecessary. If the problem is financial, you may be better off looking for investors instead of partners. But if, after going through these options, there is still something missing – special expertise, local market presence – then partnering should be considered.

If you determine that a partnership may benefit your company, the next step is to define its form, structure and objectives. Start by defining your company's goals and determine your own ability to achieve them. Then, define what you expect from a partnership.

There are many different types of partnerships to choose from, including joint ventures, licensing, cross-licensing, cross-manufacturing, co-marketing, co-production, and franchises. (See Step 10, *Learning the Terminology of Exporting*.)

Once you've decided on the type of partnership, start looking for a suitable partner. The right partner is one that complements and strengthens your capabilities, and that will work efficiently and effectively with your organization.

Even if you know exactly what kind of partner you want, you still have to know where to look to find the right one. A good way to start is by talking to suppliers, customers, industry associations, business councils, banks and so on. Canadian embassies and trade commissioners can help you identify candidates and arrange for introductions. (See Annex 1, *Points of Contact and Sources of Information*.)

Now that you have selected an entry strategy, it's time to determine a competitive price for your product or service.



4 Determining your price

Proper pricing is a key ingredient in successful exporting. This section of *10 Steps to Export Success* covers the various cost elements that should be considered, and identifies pricing methods and strategies. As pricing is generally more applicable to **product** exporters than it is for **service** exporters, the following information focuses on the export of manufactured goods.

For exporting to make sense, companies must be able to charge a price that yields an acceptable profit. To set a realistic price, the following factors should be considered:

- domestic costs
- costs associated with exporting (product modification, packaging, shipping, insurance, tariffs)
- impact of exchange rates and foreign taxes
- market demand
- competitors' pricing strategies
- desired profit margin
- preferred pricing formula

Costing

Costing is the first step. Once a detailed analysis is prepared, you should have a clear idea of what a transaction will cost, when particular costs will be incurred and therefore what kind of financial arrangements you'll need to support the transaction.

The following work sheet, **A Guide to Export Costing**, summarizes the basic cost categories involved in exporting and suggests a quick method of incorporating them into the planning process.

A Guide to Export Costing

Category	Detailed Items	Costs	Timing
Market and promotion	<ul style="list-style-type: none"> ■ agents and distributors fees ■ advertising ■ travel ■ communications ■ trade fairs and exhibitions 		
Production	<ul style="list-style-type: none"> ■ unit cost of manufacture 		
Preparation	<ul style="list-style-type: none"> ■ production modification ■ labelling ■ packaging ■ packing 		
Documentation	<ul style="list-style-type: none"> ■ marking ■ inspection ■ certification ■ preparation of documents ■ cargo insurance 		
Transportation	<ul style="list-style-type: none"> ■ freight forwarder's fees ■ lading and related charges ■ carriage 		
Customs	<ul style="list-style-type: none"> ■ warehousing and storage ■ customs and others duties at port of entry ■ customs brokerage fees 		
Financing	<ul style="list-style-type: none"> ■ costs of financing documentation ■ interest charges ■ exchange rate fluctuations ■ export credit insurance 		

A Summary of Pricing Strategy

Strategy	Description
Static pricing	<ul style="list-style-type: none"> ■ charging the same price to all customers
Flexible pricing	<ul style="list-style-type: none"> ■ adjusting prices for different classes of customers
Penetration pricing	<ul style="list-style-type: none"> ■ charging low prices to secure acceptance and market share
Skimming	<ul style="list-style-type: none"> ■ charging premium prices to selected customers to maximize profits despite low volumes
Market maintenance	<ul style="list-style-type: none"> ■ absorbing cost increase and holding prices firm to maintain market share

Pricing

Pricing analysis will help you to determine the commercial viability of the transaction, i.e. the price that can be reasonably charged for your product in the target market. Alternatively, by establishing that the transaction cannot be profitable, it will save you from wasting time and effort on a deal that won't work.

To determine an appropriate price, take into consideration the competitive situation in your target market and ask the following questions:

- What prices are other suppliers (and exporters) charging for the product or service? (Try to get copies of competitors' price lists.)
- How strong is local demand for your product or service?
- How fast is local demand growing?

These questions can be answered through careful market research. Talking to potential foreign customers, foreign agents and distributors as well as other intermediaries can provide you with a reasonably good understanding of local market conditions.

If your calculated price for the export is higher than prevailing prices in the target market, you will have to differentiate yourself from your competitors by offering superior quality, better service or some other unique attribute.

Intelligent export pricing consists of more than the mechanical task of calculating your price. Successful companies also focus on strategic goals in setting their price.

You can use several pricing strategies to determine the profitability of your export transaction. The table, **A Summary of Pricing Strategy** (see page 11), provides some of the basic approaches to pricing.

Pricing Methods

Once you've selected a pricing strategy, the next step is to choose one of the following pricing methods:

Domestic Costs Plus Mark-up: This method is popular and quite simple. Start with the domestic price, eliminate non-applicable costs such as promotion and add costs associated with exporting such as transportation and insurance. The risk associated with this method is that it is easy to underestimate the costs involved in exporting. As well, it does not take into consideration the competitive conditions of the target market.

Full Cost Pricing: This method takes into account the fixed as well as the relevant variable costs. It allows recovery of total costs to which a profit margin is added to set the final price. The drawback is that it assumes fixed costs arbitrarily and does not consider competitive factors in the market.

Marginal Pricing: This pricing method is practised when a manufacturer has a well-established domestic market which can defray all fixed costs. In such situations, only materials, labour and overhead costs of the portion produced for export are calculated in the product cost. Under this formula, any price, above the variable costs incurred for the production and marketing of the export portion, contributes to net profit. This method is used for new market penetration with the idea that once market share has been achieved and marginal competition is eliminated, the price can be increased slowly to generate more profit over time.

Pricing strategies and methods should be combined with an examination of current prices in the target market for comparable, competing or substitute products or services. This will determine what the market will bear and what kinds of margins can be expected.

It should be noted that Canadian exporters benefit from the fact that, unlike the old manufacturers' sales tax, the federal Goods and Services Tax (GST) does not apply to exports, and the GST paid on raw materials and components is refunded to companies selling goods abroad.

Setting Your Price

Now, you should establish a product or service price that gives you an acceptable profit margin and that is competitive.

Export Quotations

Export price quotations are typically more detailed than those for domestic sales. In preparing the quotation, you should describe the product or service, the price at point of delivery, the time of shipment and the terms of the sale (e.g. irrevocable letter of credit). Other elements that should be included are the gross shipping weight, cubic volume or other relevant measures. You should provide freight insurance and other costs if requested by the buyer to allow for calculation of the "landed cost."

The quotation can be in the form of a "pro forma" invoice transmitted by letter, fax, telex, or electronic mail. A quotation is usually contractually binding in international business, so careful preparation is essential. A freight forwarder can offer valuable assistance in developing your quotation.

The following work sheet breaks down the expenses encountered in a typical export transaction.

Once you have set a competitive price for your product or service, the next step is to investigate ways of financing your export venture.

EXPORT PRICING WORK SHEET (C.I.F.)¹

Date: March 1997 Ref: 6243

Name of customer: Mr. Buyer, Importers Inc.

Address: 162 Overseas Blvd., Foreign Country

Product: WIDGET

Special terms or conditions quoted:

unit quotes: 1000; gross weight: 64 kg;

cubic measure: 140 m³

Item	Cost (C\$)
Cost and Freight	
1. Cost of unit before profit	10 000
2. Profit at 10%	1000
3. Overseas agent's commission at 7.5%	825
4. Export packing	75
5. Labelling cost	10
6. Stencil marking cost	0
7. Strapping cost	5
8. Cartage	2
9. Freight to seaboard cost: \$6.00 per 1000; Type of carrier: rail	6
10. Unloading charges	2
11. Terminal charges	1
12. Long-load or heavy loading charges	0
13. Consular documents charges	N/A
14. Other charges (cable, phone)	4
15. Ocean freight cost	30
16. Forwarding agent's fee	10
17. Export credit insurance at 1%	100
18. Financing charges for credit sales	400
Total of cost and freight	12 470
Insurance	
19. Marine insurance (add 10% to total of cost and freight)	13 717
Approximate premium	137
Amount to be insured	13 854
20. Type of insurance – all risk:	
Rate: 1%	
Premium: 138.54	139
Grand total (C.I.F.)	12 609
Convert Canadian \$ to export market currency	104 203 zks

¹ Cost, Insurance, Freight



5 Arranging your financing

Financing is more likely to be required in exporting than in domestic transactions because the time between production and payment is normally greater. You should become familiar with various options for financing transactions as well as strategies to ensure protection from non-performance of foreign buyers.

While financing problems are common in international business, they need not be an obstacle to exporting your product or service.

How You Can Expect to be Paid

There are a variety of means by which you can be paid. Four common short-term financing methods are discussed below, in order of increasing risk to the exporter.

Investigate and select one of the following financing options:

- cash in advance
- letters of credit
- documentary credits and collections
- open account transactions

Cash in Advance

Cash in advance is the most secure option for an exporter, since it eliminates all risk of non-payment and bolsters working capital. Unfortunately, few foreign buyers are willing to pay full cash in advance. On occasion, a buyer will provide a portion of the cost as down payment. For ser-

vices, a partial payment may be made upon signing a contract, after which progress payments are matched to deliverables.

Letters of Credit

Letters of credit provide some measure of security to both the importer and exporter by relying on banks to receive and check shipping documents and guarantee payment. By specifying particular terms, a letter of credit can allow the costs of financing a transaction to be borne by either the exporter or importer: both sight (immediate) and term (deferred) payment provisions can be arranged.

There is also a distinction between confirmed and unconfirmed letters of credit. A letter of credit issued by a foreign bank can be confirmed by a Canadian bank, constituting a guarantee that payment will be made. This is an undertaking by the Canadian bank to pay, even if the foreign bank does not. Confirmed letters of credit protect exporters against the risk of non-payment by the foreign bank. The most secure form is a letter of credit which is both confirmed and irrevocable.

Documentary Credits and Collections

Exporters can also make use of **sight and term documentary credits**. A documentary credit calling for a sight draft means that the exporter is entitled to receive payment **on sight**, i.e. upon presentation of the draft to the bank. A term documentary credit, in contrast, may allow for payments to be made over **terms** of 30, 60, or 90 days, or at some specified future date.

In a **collection**, the exporter ships goods to an importer and forwards shipping documents to a collecting bank which obtains payment from the importer in exchange for the documents. A collection differs from a letter of credit in that the exporter remains exposed to credit risks associated with the importer because no bank has undertaken in advance to pay the exporter upon presentation of the documents. By using a bank as an intermediary, the exporter keeps title to the goods until payment is received (or the importer issues a formalized promise to pay, e.g. term draft). On the other hand, the exporter must still rely on the importer to proceed

with the transaction and is exposed to possible losses from the time the goods are shipped until payment is received. Under collection terms, the exporter is also required to finance the shipment at least until the importer receives the goods (*sight draft*) and sometimes longer (*term draft*).

There are two major types of collections: *clean* and *documentary*. In a clean collection, only financial documents such as bills of exchange, promissory notes, cheques, payment receipts or other similar instruments are used to obtain payment. In a documentary collection, commercial documents such as invoices, shipping documents or documents of title are used – with or without financial documents – to obtain payment. The documentary collection is more secure because the bank requires either payment or the importer's promise to pay (e.g. acceptance of a term draft) before the goods are released. Unless otherwise indicated, the bank will release the documents to the importer only on payment and not on acceptance.

Open Account

Open account terms require the exporter both to ship goods and pass title to the importer before payment is made. In these cases, the exporter is fully exposed to any credit risk associated with the importer until payment is received. In addition, because open account terms usually allow 30, 60, 90 days, or longer, before payment is due, the exporter effectively finances the transaction. Often, this financing period is extended because the importer pays after the due date.

Exporters that need to finance sales have several options. Funds can be borrowed from a bank or other financial institution. Government agencies often provide export credits or short-term financing. If you need to secure export financing, Annex 1 of *10 Steps to Export Success* will help you select an appropriate source of assistance.

The next step in the export process is to promote your product or service in your target foreign market.



6 Promoting your product or service

Well-planned promotional strategies often play a key role in succeeding in international markets. This section of *10 Steps to Export Success* is devoted to promoting your products; services, however, are not normally promoted in the same way. A service provider's offerings can involve conventional advertising, although normally there is no substitute for personal contact. Many service contracts are issued by government institutions or international development agencies, so service exporters should be aware of contracts that are being put out for tender. In such cases, the major type of promotion tends to be the "lobbying" associated with the proposal, bid or tender that leads to the contract.

Packaging

Packaging can affect the competitive potential of many products in foreign markets. You may have to redesign your Canadian packaging before trying to sell abroad. Some colours, signs, pictures and sym-

Promoting your product or service in foreign markets may involve certain modifications involving:

- labelling or packaging
- name or corporate image
- positioning of your product or service
- advertising

bols used in Canada may be inappropriate – or even offensive – in certain foreign markets where different consumer tastes and values prevail. Redesigning your packaging will entail costs that should be factored into your pricing decisions. Foreign sales agents and distributors can provide useful advice on package design and other related matters.

Promotional Options

Buyers in many markets, especially in industrialized economies, are influenced by advertising. Strong brand loyalties, often stimulated by aggressive advertising, have prevented competing products or new brands from entering many markets.

There are several options for advertising your product or service in foreign markets, including trade and business magazines, catalogues, directories and other publications, promotional materials such as brochures, and trade fairs and exhibitions.

Trade and Business Publications

Advertising in trade journals, business directories or catalogues is a popular way to reach prospective foreign buyers. Many English-language publications enjoy wide circulation in countries where English is not the native tongue.

Trade publications tend to carry a great deal of advertising, and are widely read by buyers for this reason. New exporters can learn a great deal about competitors' products, prices and marketing approaches from foreign trade publications that focus on their industry or product category.

Promotional Materials

Promotional materials describe a product or service, inform potential customers why they should purchase it, and tell them how to place an order or obtain more information. They can be used in a campaign or distributed at a trade fair, and they can also be directed at the target market, importers and distributors, foreign agents and representatives, or end users.

Promotional campaigns should have an international flavour which will likely require some modification to existing promotional materials.

Here are some points to consider:

- Where necessary, rewrite sales letters and literature to adapt to foreign markets. Use simple, straightforward language, and avoid slang words or terminology that foreign buyers may not understand.

- Photographs and illustrations are often effective in communicating your message and the use of your product or service without lengthy descriptions.

- Materials should be translated into the language of the target market. In many parts of the world, however, English is common in business, even when it is not the native language. If translation is required, you should hire a professional translator with experience in commercial and business materials. You may also wish to have a native of the target country review the translated materials.

- In non-English and non-French-speaking countries, examine the meaning and acceptability of brand names and logos used in Canada. Make sure that no negative or inappropriate connotations are conveyed.

- Be sure that the colours and symbols used in promotional materials are sensitive to local tastes and consumer preferences.

A choice of vehicles are available for promoting your product or service, including:

- trade and business journals
- catalogues
- promotional campaigns
- trade fairs and exhibitions

Trade Fairs and Exhibitions

Trade fairs are an effective way of learning about other markets and, at the same time, of promoting your product with prospective foreign buyers.

Most trade fairs focus on particular industries. As an exporter, your objectives in participating in these events are to display your merchandise, make business contacts, check into the market, learn more about your competitors and their products, and make sales. Some foreign trade fairs are order-taking events:

attendees come prepared to buy or, in the case of agents/distributors, to negotiate representation agreements. You should be prepared to take orders or to discuss the possibility of representation by a foreign intermediary.

Assistance in selecting, planning for and funding your attendance at international trade fairs is available from both federal and provincial government departments. (*See Annex 1, Points of Contact and Sources of Information.*)



7 Getting your product or service to market

The next step in the export process is to get your product or service from here to there. To sell their goods in Canada firms have to comply with a variety of regulations. The same is true in other markets – and invariably the regulations are not the same. This may mean that your goods will have to meet certain safety and quality standards, health and environmental regulations, and packaging requirements. For service exporters, it could also mean acquiring professional accreditation. And whether you are selling goods or services, it could mean modifications to accommodate cultural differences.

The international movement of goods requires a number of documents for shipping, transportation, tracking, Customs clearance, delivery and receipt. Whatever documents your venture needs, the standards for their completion are high and, for many

An international freight forwarder can provide valuable assistance in getting your goods to your foreign customers. Shipping to foreign markets involves:

- selecting a mode of transport
- preparing documentation
- packing and marking
- arranging for shipping
- arranging for receipt of shipment at the destination

transactions, payment depends on the delivery of a complete and accurate set of documents. In other words, you'll not only need to *sell* your product but to *deliver* it to your customers at the right time, place and price.

Understanding your target market's business practices can give you an advantage over your competition. You will need to learn about your market's preferred way of doing business. This can be achieved by investigating local market structures and buying systems.

Understanding what is involved in getting your product into a foreign market is important. Most exporters rely on the services of an experienced freight forwarder when shipping outside Canada – especially for overseas shipments. Still, you should be aware of the basic steps in transporting exported goods.

Transportation Options

The following four options are available for getting your goods to foreign customers. Often, a particular export shipment will involve more than a single mode of transportation.

Truck – Trucking is popular for shipments within North America. Even if shipping goods overseas, trucking is often used to deliver the product to its final destination. The quality of available trucking services declines, however, once you go beyond the industrialized countries.

Rail – This is another common option, especially when shipping to the United States. Rail is also widely used when shipping to seaports for transport abroad and from seaports to a final destination.

Air – International air freight is expanding rapidly. Regular service to U.S. and overseas destinations is available from major Canadian airports. Not all destinations are covered, however, and special charters may be required for more exotic markets. Shipping by air is more expensive than surface or sea transport, but higher costs may be offset by faster delivery, lower insurance and warehousing costs, and better inventory control.

Ocean – Exports of goods to offshore markets is most often transported by ocean carriers. The shipping of large items, bulk commodities and goods that do not require fast delivery is more economical by sea.

Delivering Services

The challenges associated with providing services to a foreign market are no less complex, but quite different from those encountered in exporting goods. Service exporters' ability to deliver their services often depends on such factors in the target market as:

- extent and reliability of telecommunications links;
- existence of a reliable infrastructure of computers, faxes, modems, etc.;
- frequency and convenience of regularly scheduled air links between Canada and the market;
- technological sophistication, receptivity and flexibility of customers;
- potential support from official channels, government departments and international development agencies;
- ability to satisfy legal regulations governing work permits or professional certification.

Freight Forwarders

A good freight forwarder takes care of all aspects of merchandise transportation, relieving exporters of this sometimes difficult task. Forwarders can provide estimates of transportation and shipping costs, and can inform you of other costs related to shipping your product to foreign markets.

Some of the specialized services freight forwarders offer include:

- selecting a suitable carrier;
- negotiating all arrangements with the carrier;
- co-ordinating the movement of cargo to the port of embarkation;
- preparing documents;
- providing advice on packing, labelling and marking;
- arranging warehouse storage and cargo insurance.

The two main types of freight forwarders are air freight forwarders and ocean freight forwarders. Many specialize in arranging shipments to certain countries or areas of the world, while others concentrate on particular types of products. Talk to local exporting companies, business associations and trade specialists to find out about freight forwarders in your area.

Packing Your Goods

Proper packing and marking is necessary for goods entering foreign markets. In selecting the appropriate packing method, the following factors should be considered:

- Some types of goods being exported are at risk of damage during handling, in transit or in storage, so they may require special temperature control or protection.

- The type of carrier used to ship the product may determine the kind of packing to use. If the goods are carried by ship, you need to know whether they will be placed above or below deck.
- Adverse weather conditions may be experienced in transit
- Extreme temperatures can damage many types of products.
- At port and handling facilities as well as during transit, cargoes may be handled roughly and should be packed with extra care.
- Protection against theft during transit can be increased through proper packing, and the risk of pilferage can be similarly reduced.

Marking Your Goods

Marking containers identifies your goods in relation to those of other shippers. Marks shown on the shipping container(s) must conform to those on the commercial invoice/bill of lading, and may include some or all of these items:

- buyer's name or some other form of agreed identification;
- point/port of entry into the importing country;
- gross and net weights in kilograms and pounds;
- identification of the country of origin, i.e. "Made in Canada";
- number of packages for shipments of more than one container;

- warning/cautionary markings, if necessary;
- the packing list, plus one copy in each container, itemizing the contents.

Labelling Your Goods

Beyond marking the container, you may also have to provide your products with labels suited to the target market. Product labelling is no trivial matter – your goods may not be admitted into the country of destination unless labels conform to all local requirements.

These requirements may include some or all of the following:

- use of local language;
- name of country where product was made or manufactured;
- name of producer or shipper;
- product details such as weight, ingredients, etc. (for foodstuffs);
- type of fibre and instructions for use (for clothing);
- technical specifications (for machinery and equipment);
- certification of conformity to local technical standards (e.g. for appliances).

Intellectual Property

If you already have patent or copyright protection for your product in Canada or if you're planning to get it, you should consider seeking similar protection under

the patent law of your target market. Similar care should also be taken with brand names and registered trademarks.

Patent and intellectual property law is complex. If you think you need this kind of protection or if you want to make sure your product complies with foreign patent laws, you should consider retaining professional legal counsel.

Insurance

Generally, cargo insurance is more important in international than in domestic transportation. International carriers assume only limited liability for goods when shipping by air or ocean, in contrast to shipping in your home market. The terms of sale often make the seller responsible for the goods up to the point of delivery to the foreign buyer. Transportation insurance is recommended when exporting, particularly overseas.

Marine transportation insurance protects both ocean- and air-bound cargo, and also covers connecting land transportation. There are three main types of (marine) transportation insurance available:

- **Free of Particular Advantage (FPA)** provides the narrowest type of coverage – total losses, and partial losses at sea if the vessel sinks, burns or is stranded, are covered;
- **With Average (WA)** provides greater protection from partial losses at sea;
- **All Risk** is the most comprehensive, providing protection against all physical loss or damage from external causes.

It is important to remember that in international transportation, once the documents transferring title are delivered to the foreign buyer, you are no longer liable for the goods.

Documentation for Overseas Shipping

A number of documents are required for overseas shipping, which generally fall into two basic categories: shipping documents and collection documents.

Shipping Documents

Key shipping documents include packing lists, validated export licences (if required by Canadian law), domestic bills of lading and other export documents. Shipping documents are prepared by you or your freight forwarder, and allow the shipment to pass through Customs, to be loaded on a carrier, and to be transported to the destination.

Collection Documents

Principal collection documents include:

- commercial invoices (the seller's bill of sale);
- consular invoices (required by some foreign countries);
- certificates of origin (attesting to the origin of the exported goods);
- import licences (importers in some foreign countries are required to obtain these);
- inspection certificates (health or sanitary certificates are required by many foreign countries for animals, animal products, plants, and other agricultural products);
- dock and insurance receipts.

Collection documents are submitted in advance by the exporter to the buyer or its bank, and trigger payment once the goods have been received.

An international freight forwarder can handle all of your export documentation requirements.



8 Preparing your export plan

Now, it's time to start preparing a successful export plan. You will need to gather information about your company and about the markets you are considering.

Planning and Preparation

Planning and preparation are essential to any business, whether domestic or international. They define a direction and a purpose. A sound plan will establish where your business is going and suggest how it proposes to get there. It forces you to look at your company's operations and re-evaluate the assumptions upon which it is founded. In doing so, you can identify weak spots as well as strengths in your company's operations.

For exporters, there are at least four major steps in the planning cycle.

Define current business status. This involves the preparation of a comprehensive and detailed summary of all the relevant aspects of your current operations.

The following steps can lead to a successful export effort:

- engaging the services of a freight forwarder
- developing a trial run
- finalizing the sale

Determine corporate strategy. From the information gathered in the above step, you can identify ways of improving your company's performance and build these into your export plan.

Assess international competitiveness. Once you've completed your

corporate strategy, you can use the results to identify promising international business opportunities.

Establish your export plan. Upon identifying one or more promising ventures, incorporated these into your overall corporate strategy.

Now, you should have a viable export plan upon which to pursue marketing and selling your product or service abroad. Once your plan is completed, adjustments to it need not be time consuming. The plan, however, should be flexible enough to incorporate ongoing revisions and adjustments quickly.

The Trial Run

For new exporters, it is always a good idea to test the waters with a trial run. By following these steps you can test the viability of your export venture and, at the same time, review all of the points presented in *10 Steps to Export Success*.

Market Selection

Most new Canadian exporters start with the United States market because of its proximity and familiarity. While there are advantages to this approach, once you have demonstrated your company's ability to export, you should also look at opportunities in other export markets.

Planning and Preparation

Whether you export goods or services, many of the following preparatory steps will be similar.

- If you have decided to mount your trial run in the U.S., choose a specific regional market as your focus.
- Research the market by reviewing the information available from the Department of Foreign Affairs and International Trade as well as looking at trade publications and magazines.
- Visit cities in the region, talk to potential buyers and intermediaries as well as your Canadian trade commissioner.
- Develop a network of contacts and potential partners. Find out who your competitors and potential allies are and who are the most important importers, distributors and agents for your product or service?
- If working through agents and distributors, make a short list of potential candidates and assess their qualifications and capabilities. Develop a profile of the ideal associate and then select the one whose skills and experience best complement your export objectives. If exporting a service, consider the

possibility of finding a local partner to represent your interests.

- Put together a promotional package describing your company and its products or services.
- Identify and attend a regional trade fair, if possible. Do some preliminary promotion and establish contacts with potential buyers and associates.
- If selling directly to customers, place an ad in a U.S. trade magazine that is widely read by potential buyers.
- Make arrangements with key export service providers such as freight forwarders and trading houses.

Implementation

The following is a summary of the procedures involved in actually concluding a deal and shipping goods to your buyers. It shows how the planning elements covered in *10 Steps to Export Success* can be implemented in practice.

Service exporters will share certain steps (checking references, visiting prospects, finalizing terms, arranging for payment) but will not have to concern themselves with documentation, freight forwarding, shipping and Customs clearance.

Check References

- customer's credit rating;
- other exporters who have had dealings with the customer;
- solicit the opinions of your trade commissioner.

Whether you are dealing with end users, retailers or intermediaries, it is wise to check references. This is easy to do in the U.S. market by approaching other Canadian exporters, commercial banks, people in the industry, or your trade commissioner.

Visit Prospects

- gather insights into the customer's operations and requirements.

If exporting, visits to important customers in your market(s) are strongly recommended. A visit can give you useful insights into the operations and credibility, as well as the requirements, of potential customers.

Finalize the Sale

Confirm the following details of the transaction with the buyer:

- quantity;
- payment terms;
- shipping terms;
- transportation method;
- price.

Be sure both sides agree on quantity, payment terms, shipping/trade terms, transportation mode, price and other specifics of the sale. Typically, the process will be initiated when your sales department receives a purchase order from the buyer. You should respond with an acknowledgement of the order or a sales confirmation.

Prepare Letter of Credit

- the buyer issues an instruction to its own bank;
- the buyer's bank sends your bank the letter of credit;
- your bank sends you the letter of credit.

The letter of credit is an important document – it should be carefully reviewed by your company, including your freight forwarder, banker and even your legal counsel. The letter must be consistent with your sales agreement and you must comply with all of its provisions. Remember that the buyer's bank could fasten on any discrepancies in your documentation. It pays on receipt of correct documents, not on successful completion of the transaction. If a name or address is misspelled, if the shipping date is wrong, or if all charges are not included, you may be unable to collect.

Prepare other Documentation

Your shipment must be accompanied by all relevant documentation, including:

- commercial invoice;
- packing slip;
- shipper's instructions;
- certificate of origin;
- standards documentation (if necessary);
- health/sanitary certificate (if necessary).

Freight Forwarding

The freight forwarder prepares the following documents:

- customs invoice;
- consular invoices (if required);
- special packing or marking list;
- insurance and certificate of insurance;
- bill of lading.

The freight forwarder delivers copies of all documents to the buyer, your commercial bank and to you.

You can now inform the freight forwarder that your container is packed and equipped with the required documentation. The forwarder will then begin preparing the paper work and deliver the shipment to the buyer.

Your shipment must be accompanied by a transportation document such as a bill of lading or air waybill that specifies the mode of transportation, the route the goods are to take and delivery times. It must be presented to your bank with the letter of credit and other required documents.

The shipment may also need a certificate of insurance as proof that it is insured against loss or damage. The insurance must comply with the specific coverage indicated in the letter of credit. All-risk insurance is normally the best type of coverage for exporters.

Shipment

- freight forwarder sends the goods to the carrier;
- customer receives all relevant documentation allowing the shipment to clear Customs.

Once the freight forwarder delivers your shipment to the carrier, it is on its way. The forwarder prepares and forwards copies of all documentation to your customer, your bank and to you. The customer will be notified that the product has been shipped and of when to expect arrival. The customer then uses the documentation to clear the shipment through Customs.

Customs Clearance

- the goods clear Customs at the destination entry point.

Customs clearance varies depending on how you export your product or service. If shipping goods to a wholly owned subsidiary in a foreign country, then you are responsible for taking the goods through Customs, transporting, storing and delivering them. In many cases, however, the buyer is informed that the goods are being held in Customs and arranges to have them cleared and delivered.

Collection

After the shipment has been sent:

- the freight forwarder presents your bank with the letter of credit and all accompanying documentation;
- you present your bank with a sight draft (demand for payment);

- your bank passes the documentation to the buyer's bank with a demand for payment;
- the buyer's bank accepts the documentation and informs you of when the funds will be transferred to your bank;
- your bank transfers the funds to your account.

The freight forwarder presents your bank with the letter of credit, the sight draft and all required documents (including certificates of inspection,

commercial invoices, packing lists and insurance certificates). The bank checks all documents for discrepancies and also verifies if the shipment was delivered on time.

Finally, the draft and the documents are sent to the customer's bank, which also checks them for discrepancies. If none are found, the draft is accepted and you are notified of the acceptance. At a specified time, your bank will receive the funds from your customer's bank, and your trial run is complete.



9 Reviewing your export plan

An export plan is never cast in stone and it is never completed. It is subject to ongoing adjustment and revision to keep it current with the changing circumstances of your company. The plan is a feedback mechanism through which new information is incorporated into your operations.

After you have completed your trial run, it is a good idea to review several features of your export plan and, if necessary, to revise it. The following questions will help you determine if your plan needs to be revised in certain areas.

Product

- Should your product be modified in some way not anticipated initially?
- Do you need to strengthen your capability to provide training to use the product?

Successful companies learn from their mistakes. Review and revise your export plan to correct or improve any shortcomings in such areas as:

- shipping or documentation
- financing
- promotional approach
- pricing strategy
- partnership agreements
- distribution channels
- market information
- product or service modification

- Is it necessary to make better arrangements for providing after-sales service?

Price

- Is your price competitive?
- Can you accept a reduced profit margin to achieve a more competitive price?
- Is it possible to actually raise the price and increase your profits?

Target Market

- Are there any assumptions that you made about the market that have not materialized and what are the implications?

- Are there other markets that might be better suited to your product or service?
- If you have achieved some initial success, should you expand your effort within that country, or to other countries?

Intermediaries

- If selling through intermediaries, are you happy with the performance of your agent/representative?
- If selling to a distributor, has the expected quantity of orders been placed? If not, has the distributor offered explanations for any shortfall or recommended changes in your product, service or price?
- If selling through a trading house, how successful has it been in selling your product abroad? If the performance has been poor, would it make sense to look at alternative distribution options?
- If working with partners abroad, has the relationship been mutually beneficial?

Financing

- What methods have you been using to receive payment for foreign sales?
- Have they been satisfactory?
- How long have you had to wait for payment?
- Has there been a negative impact on your working capital?

- Have you had credit or collection problems?
- Have you incurred any bad debts?
- Are you satisfied with the services of your bank?

Promotion

- Are there better, more cost-effective ways to promote your product?
- Does your promotional material (brochures, sales letters, samples, etc.) need to be modified or improved?
- Have you learned anything about the target market that warrants a reassessment of your promotional strategy?

Shipping

- Are you and your foreign customers satisfied with the shipment and delivery of your product?
- Are there less expensive or quicker ways to get your product to the market?
- Is your freight forwarder doing a good job?



10 Learning the terminology of exporting

General

International trade carries its own particular terminology. The following are general trade expressions that new exporters will encounter in published sources and trade discussions.

Agent: A foreign representative who tries to sell your product in the target market. The agent does not take possession of – and assumes no responsibility for – the goods. Agents are paid on a commission basis.

Bill of Lading (Ocean or Airway): A contract prepared by the carrier or the freight forwarder with the owner of the goods. The foreign buyer needs this document to take possession of the goods.

Certificate of Origin: A document that certifies the country where the product was made (i.e. its origin). A common export document, a certificate of origin

Exporting is more complex than selling in a domestic market. To succeed, you should familiarize yourself with key trade expressions and techniques. Among other areas, you should understand some or all of the following aspects:

- the laws, regulations and practices governing your product in your target market;
- export documentation, including invoices, bills of lading, certificates of origin, and health and safety certificates;
- the tariffs, Customs duties and processing fees as well as the taxes payable on your shipment;
- the export-related services offered by brokers, trading houses, agents, freight forwarders and insurance companies;
- how to label, pack, transport and store your products;
- payment options such as letters of credit, bills of exchange and open account transactions.

is needed when exporting to many foreign markets. It must be used for Canadian-made goods to qualify for preferential tariff treatment under the NAFTA.

Commercial Invoice:

A document prepared by the exporter or freight forwarder, and required by the foreign buyer, to prove ownership and arrange for payment to the exporter. It should provide basic information about the transaction, including description of goods, address of shipper and seller as well as delivery and payment terms. In some cases, the commercial invoice is used to assess Customs duties.

Consular Invoice: A statement issued by a foreign consul in the exporting nation describing the goods purchased. Some foreign governments require Canadian exporters to first obtain consular invoices from their consulate in Canada. A fee is usually charged.

Countertrade: A general expression meaning the sale or barter of goods on a reciprocal basis. There may also be multilateral transactions involved.

Customs Invoice: A document used to clear goods through Customs in the importing country by providing documentary evidence of the value of goods. In some cases, the commercial invoice (*see above*) may be used for this purpose.

Distributor (Importer): A foreign company that agrees to purchase a Canadian exporter's product(s), and then takes responsibility for storing, marketing and selling them.

Dock Receipt: A receipt issued by an ocean carrier to acknowledge receipt of a shipment at the carrier's dock or warehouse facilities (*see also Warehouse Receipt*).

Export Licence: A document required under Canadian law which exporters must obtain before selling certain products abroad (e.g. protected birds, animals and plants). An export licence may also apply to specific countries.

Ex Factory: Used in price quotations, an expression referring to the price of goods at the exporter's loading dock.

Ex Works (EXW): A price that normally includes export credit insurance, financing charges and profit margin. It excludes costs related specifically to domestic marketing activities.

Freight Forwarder: A service company that handles all aspects of export shipping for a fee.

Import Tariff: A tax levied on imported goods by foreign governments. Canada also imposes tariffs on some imported items. (Under the NAFTA, most import tariffs on Canadian goods to the U.S. and Mexico have been eliminated.)

Insurance Certificate: A document prepared by the exporter or freight forwarder to provide evidence that insurance against loss or damage has been obtained for the goods.

Landed Cost: The cost of the exported product at the port or point of entry into the foreign market, but before the addition of foreign tariffs, taxes, local packaging/assembly costs and local distributors' margins. Product modifications prior to shipment are included in the landed cost.

Packing List: A document prepared by the exporter showing the quantity and type of merchandise being shipped to the foreign customer.

Pro Forma Invoice: An invoice prepared by the exporter prior to shipping the goods, informing the buyer of the goods to be sent, their value and other key specifications.

Quotation: An offer by the exporter to sell the goods at a stated price and under certain conditions.

Trading House: A company specializing in the exporting and importing of goods produced or provided by other companies.

Warehouse Receipt: A receipt identifying the commodities deposited in a recognized warehouse. A non-negotiable warehouse receipt specifies to whom the deposited goods will be delivered or released. A negotiable receipt states that the commodities will be released to the bearer of the receipt.

INCO Terms (Transportation)

Shipping terms set the parameters for international shipments, specify points of origin and destination, outline conditions under which title is transferred from seller to buyer, and determine which party is responsible for shipping costs. They also indicate which party assumes the cost if merchandise is lost or damaged during transit. To provide a common terminology for international shipping, the following INCO terms have been developed under the auspices of the International Chamber of Commerce.

All Risk: This is the most comprehensive type of transportation insurance, providing protection against all physical loss or damage from external causes.

Cost and Freight (C&F): The exporter pays the costs and freight necessary to get the goods to the named destination. The risk of loss or damage is assumed by the buyer once the goods are loaded at the port of embarkation.

Cost, Insurance and Freight (C.I.F.): The exporter pays the cost of goods, cargo and insurance plus all transportation charges to the named port of destination.

Delivered at Frontier: The exporter/seller's obligations are met when the goods arrive at the frontier, but before they reach the "Customs border" of the importing country named in the sales contract. The expression is commonly used when goods are carried by road or rail.

Delivered Duty Paid: This expression puts maximum responsibility on the seller/exporter in terms of delivering the goods, assuming the risk of damage/loss and paying duty. It is at the other extreme from delivered ex works listed below, under which the seller assumes the least responsibility.

Delivered Ex Quay: The exporter/seller makes the goods available to the buyer on the quay or wharf at the destination named in the sales contract. There are two types of ex quay contracts in use: ex quay duty paid, whereby the seller incurs the liability to clear the goods for import, and ex quay duties on buyer's account, whereby the buyer assumes the responsibility.

Delivered Ex Ship: The exporter/seller must make the goods available to the buyer on board the ship at the location stipulated in the contract. All responsibility/cost for bringing the goods up to this point falls on the seller.

Delivered Ex Works: This minimal obligation requires the seller only to make the goods available to the buyer at the seller's premises or factory. The seller is not responsible for loading the goods on the vehicle provided by the buyer, unless otherwise agreed. The buyer bears all responsibility for transporting the goods from the seller's place of business to their destination.

Free Alongside Ship (FAS): The goods must be placed on the dock by the seller, alongside the vessel. The seller's obligations are fulfilled at this point.

Free Carrier...(named port): Recognizing the requirements of modern transport, including multimodal transport, this principle is similar to FOB, except that the exporter's obligations are met when the goods are delivered into the custody of the carrier at the named port. The risk of loss/damage is transferred to the buyer at this time, and not at the ship's rail. The carrier can be any person contracted to transport the goods by road, sea, air, rail or a combination thereof.

Free of Particular Advantage (FPA): This type of transportation insurance provides the narrowest type of coverage – total losses, and partial losses at sea if the vessel sinks, burns or is stranded, are covered.

Free on Board (FOB): The goods are placed on board the vessel by the seller at the port of shipment specified in the sales contract. The risk of loss or damage is transferred to the buyer when the goods pass the ship's rail.

Free on Board Airport (FOB Airport): Based on the same principles as the ordinary FOB expression, the seller's obligation is fulfilled by delivering the goods to the air carrier at the specified airport of departure, at which point the risk of loss or damage is transferred to the buyer.

Free on Rail and Free on Truck (FOR/FOT): Again, the same principles apply as in the case of ordinary FOB, except that the goods are transported by rail.

With Average (WA): This type of transportation insurance provides protection from partial losses at sea.

Financing

The following are the most commonly used terms in international trade financing.

Cash in Advance (Advance Payment): A foreign customer pays a Canadian exporter prior to actually receiving the exporter's product(s). It is the least-risk form of payment from the exporter's perspective.

Confirmed (or Irrevocable) Letter of Credit: A Canadian bank confirms the validity of a letter of credit issued by a foreign bank on behalf of the foreign importer, guaranteeing payment to the Canadian exporter provided that all terms in the document have been met. An unconfirmed letter of credit does not guarantee payment so, if the foreign bank defaults, the Canadian exporter will not be paid. Canadian exporters should accept only confirmed/irrevocable letters of credit as a form of payment.

Confirming House: A company, based in a foreign country, that acts as a foreign buyer's agent and places confirmed orders with Canadian exporters. They guarantee payment to the exporters.

Consignment: Delivery of merchandise to the buyer or distributor, whereby the latter agrees to sell it and only then pay the Canadian exporter. The seller retains ownership of the goods until they are sold, but also carries all of the financial burden and risk.

Document of Title: A document that provides evidence of entitlement to ownership of goods, e.g. carrier's bill of lading.

Documentary Collection: The exporter ships the goods to the foreign buyer without a confirmed letter of credit or any other form of payment guarantee.

Documentary Credit (sight and term): A documentary credit calling for a sight draft means the exporter is entitled to receive payment on sight, i.e. upon presenting the draft to the bank. A term documentary credit may allow for payments to be made over terms of 30, 60, or 90 days, or at some specified future date.

Draft (Bill of Exchange): A written, unconditional order for payment from one party (the drawer) to another (the drawee). It directs the drawee to pay an indicated amount to the drawer. A sight draft calls for immediate payment. A term draft requires payment over a specified period.

Export Financing House: A company that purchases a Canadian exporter's foreign receivables on a non-recourse basis upon presentation of proper documentation. It then organizes export arrangements and provides front-end financing to the foreign buyer.

Factoring House: A company that buys export receivables at a discount.

Letter of Credit: This is the most common method of payment in international trade as it provides protection to both parties involved in a transaction.

Open Account: An arrangement in which goods are shipped to the foreign buyer before the Canadian exporter receives payment.

Partnerships

The following expressions define the various types of partnership or alliance arrangements common in international trade.

Co-marketing: Carried out on the basis of a fee or percentage of sales, co-marketing is an effective way to take advantage of existing distribution networks and a partner's knowledge of local markets.

Co-production: This arrangement involves the joint production of goods, enabling firms to optimize their own skills and resources as well as to take advantage of economies of scale.

Cross-licensing: In this form of partnership, each firm licenses products or services to the other. It is a relatively straightforward way for companies to share products or expertise.

Cross-manufacturing: This is a form of cross-licensing in which companies agree to manufacture each other's products. It can also be combined with co-marketing or co-promotion agreements.

Franchise: This is a more specific form of licensing. The franchise is given the right to use a set of manufacturing or service delivery processes, along with established business systems or trademarks, and to control their use by contractual agreement.

Joint Venture: An independent business formed co-operatively by two or more parent firms. This type of partnership is often used to avoid restrictions on foreign ownership and for longer-term arrangements that require joint product development, manufacturing and marketing.

Licensing: Although not usually considered to be a form of partnership, licensing can lead to partnerships. In licensing arrangements, a firm sells the rights to use its products or services but retains some control.



Annex I

Points of contact and sources of information

Remember you don't need to go it alone. There are many avenues of assistance from federal and provincial governments, as well as various ways of working with other companies and organizations. For example, networking, joint ventures, licensing agreements, technology exchanges, and supplier partnering can help you spread the investment and minimize the risk involved in exporting.

In the private sector, the Canadian Chamber of Commerce, national and sectoral business associations, bilateral business councils, Canadian companies and intermediaries, and commercial banks all provide valuable exporting information.

The federal government also offers a wide range of sources: Canada Business Service Centres (CBSCs); other federal departments and agencies such as Industry Canada, the Atlantic Canada Opportunities Agency (ACOA) and Western Economic Diversification Canada (WD); International Trade Centres (ITCs) located in each province; and the domestic and worldwide network of Canadian trade commissioners, high commissions, consulates and embassies of the Department of Foreign Affairs and International Trade (DFAIT).

There are also many publications and databases that can be obtained and accessed by contacting DFAIT's InfoCentre and Industry Canada's *Strategis*.

This section of *10 Steps to Export Success* outlines the various points of contact and sources of information that exporters can use to promote their international business development activities.

Getting Started

Canada Business Service Centres

Your first stop, particularly if you are new to exporting, is one of the 12 Canada Business Service Centres (CBSCs) located across Canada.

Canada Business Service Centres provide you with an easy way to get answers to your exporting questions. Through these centres, the federal government has teamed up with provincial and municipal governments and in some cases, the private sector, to offer convenient access to government services and information for business.

Canada Business Service Centres have experienced staff on hand to help you cut through red tape,

research your export questions, and direct you to the best sources of information.

Contact: Toll-free telephone access connects you to the CBSC in your area. All centres (except Ontario) offer a walk-in resource centre where business information specialists provide research assistance. A toll-free fax-on-demand service (Info-FAX) lets you order documents 24 hours a day, any day of the year. Or you can contact the CBSC web site at:
<http://www.reliant.ic.gc.ca>

British Columbia

Canada/British Columbia Business Service Centre
601 West Cordova Street
Vancouver, British Columbia V6B 1G1
Toll-Free: 1-800-667-2272
Telephone: (604) 775-5525
Fax: (604) 775-5520
Info-FAX: (604) 775-5515 or 1-800-667-2272

Alberta

The Business Link Business Service Centre
10237-104 Street
Edmonton, Alberta T5J 1B1
Toll-Free: 1-800-272-9675
Telephone: (403) 422-7722
Fax: (403) 422-0040
Info-FAX: (403) 495-4138 or 1-800-563-9926

Saskatchewan

Canada/Saskatchewan Business Service Centre
122-3rd Avenue North
Saskatoon, Saskatchewan S7K 2H6
Toll-Free: 1-800-667-4374
Telephone: (306) 956-2323
Fax: (306) 956-2328
Info-FAX: (306) 956-2310 or 1-800-667-9433

Manitoba

Canada Business Service Centre
330 Portage Avenue, 8th Floor
P.O. Box 2609
Winnipeg, Manitoba R3C 4B3
Toll-Free: 1-800-665-2019
Telephone: (204) 984-2272
Fax: (204) 983-3852
Info-FAX: (204) 984-5527 or 1-800-665-9386

Ontario

Canada-Ontario Business Call Centre
Toll-Free: 1-800-567-2345
Telephone: (416) 954-INFO (4636)
Fax: (416) 954-8597
Info-FAX: (416) 954-8555 or 1-800-240-4192

Quebec

Info entrepreneurs
5 Place Ville-Marie
Suite 12500, Plaza Level
Montreal, Quebec H3B 4Y2
Toll-Free: 1-800-322-INFO (4636)
Telephone: (514) 496-INFO
Fax: (514) 496-5934
Info-FAX: (514) 496-4010 or 1-800-322-4010

New Brunswick

Canada/New Brunswick Business Service Centre
570 Queen Street, 1st Floor
P.O. Box 578
Fredericton, New Brunswick E3B 6Z6
Toll-Free: 1-800-668-1010
Telephone: (506) 444-6140
Fax: (506) 444-6172
Info-FAX: (506) 444-6169 or 1-800-401-3201

Nova Scotia

Canada/Nova Scotia Business Service Centre
1575 Brunswick Street
Halifax, Nova Scotia B3J 2G1
Toll-Free: 1-800-668-1010
Telephone: (902) 426-8604
Fax: (902) 426-6530
Info-FAX: (902) 426-3201 or 1-800-401-3201

Prince Edward Island

Canada/Prince Edward Island Business Service Centre
75 Fitzroy Street
P.O. Box 40
Charlottetown, Prince Edward Island C1A 7K2
Toll-Free: 1-800-668-1010
Telephone: (902) 368-0771
Fax: (902) 566-7377
Info-FAX: (902) 368-0776 or 1-800-401-3201

Newfoundland

Canada Business Service Centre
90 O'Leary Avenue
P.O. Box 8687
St. John's, Newfoundland A1B 3T1
Toll-Free: 1-800-668-1010
Telephone: (709) 772-6022
Fax: (709) 772-6090
Info-FAX: (709) 772-6030

Northwest Territories

Canada/Northwest Territories Business Service Centre
Northern United Place
5004-54th Street, 3rd Floor
Yellowknife, Northwest Territories X1A 2L9
Toll-Free: 1-800-661-0599
Telephone: (403) 873-7958
Fax: (403) 873-0101
Info-FAX: (403) 873-0575 or 1-800-661-0825

Yukon

Canada/Yukon Business Service Centre
201-208 Main Street
Whitehorse, Yukon Y1A 2A9
Toll-Free: 1-800-661-0543
Telephone: (403) 633-6257

Preparation Starts at Home

Assistance in your Region

Export programs and services are available in all regions of Canada to help promote regional industries in international markets.

Western Canada

Western Economic Diversification Canada

Together with western provincial governments and industry groups, Western Economic Diversification Canada (WD) works to provide small businesses with information and assistance to help them grow and prosper.

WD offers a range of services from practical information to counselling, and its network of professionals can help you find what you need to establish a business or make your business grow.

By sponsoring a series of investment funds and working in co-operation with major financial institutions, WD makes it easier for small businesses in emerging sectors to access the financial help they need. Export firms can also find support to develop industry alliances or form joint ventures, access trade and export information, and participate in trade shows and missions. Special initiatives include services for women entrepreneurs to help with business networking and financing.

Products and services are delivered through an integrated network of some 90 points of service across western Canada including Canada Business Service Centres and WD offices.

Information on WD's programs and services can be obtained by calling **1-888-338-9378**, on-line at <http://www.wd.gc.ca> or from its offices in the following locations.

British Columbia

Bentall Tower #4
1055 Dunsmuir Street, Suite 1200
P.O. Box 49276
Vancouver, British Columbia V7X 1L3
Toll-Free: 1-800-663-2008
Telephone: (604) 666-6256
Fax: (604) 666-2353

Alberta

Canada Place
9700 Jasper Avenue, Suite 1500
Edmonton, Alberta T5J 4H7
Telephone: (403) 495-4164
Fax: (403) 495-4557

Saskatchewan

S.J. Cohen Building
119-4th Avenue South, Suite 601
P.O. Box 2025
Saskatoon, Saskatchewan S7K 3S7
Telephone: (306) 975-4373
Fax: (306) 975-5484

Manitoba

The Cargill Building
240 Graham Avenue, Suite 712
P.O. Box 777
Winnipeg, Manitoba R3C 2L4
Toll-Free: 1-800-561-5394
Telephone: (204) 983-4472
Fax: (204) 983-4694

Ottawa

Centennial Towers
200 Kent Street, 8th Floor
P.O. Box 2128, Station D
Ottawa, Ontario K1P 5W3
Telephone: (613) 952-9378
Fax: (613) 952-9384

Northern Ontario

Federal Economic Development Initiative for Northern Ontario

The Federal Economic Development Initiative for Northern Ontario (FedNor) helps Northern Ontario communities and businesses achieve self-sustaining economies. It can give you access to investment capital, skills training, market information and intelligence, and export services and assistance.

For more information about FedNor call **1-800-461-6021**, or contact the office nearest you.

Sault Ste. Marie

302 Queen Street East
Sault Ste. Marie, Ontario P6A 1Z1
Toll-Free: 1-800-461-6021
Telephone: (705) 942-1327
Fax: (705) 942-5434

Sudbury

30 Cedar Street, Suite 407
Sudbury, Ontario P3E 1A4
Toll-Free: 1-800-461-4079
Telephone: (705) 671-0711
Fax: (705) 671-0717

Thunder Bay

201 North May Street, Suite 201
Thunder Bay, Ontario P7C 3P4
Toll-Free: 1-800-465-6870
Telephone: (807) 626-1800
Fax: (807) 623-5392

North Bay

107 Shirreff Avenue, Suite 203
North Bay, Ontario P1B 7K8
Telephone: (705) 494-7050
Fax: (705) 494-7588

Quebec

Federal Office of Regional Development – Quebec

The Federal Office of Regional Development – Quebec (FORD-Q), through its network of 13 centres throughout the province, gives small Quebec businesses access to valuable trade information, business networks and financial assistance.

FORD-Q's business information centre, Info entrepreneurs, provides access to the trade-related programs and services offered by 17 government departments.

To find out more about FORD-Q contact Info entrepreneurs at **1-800-322-INFO (4636)**, visit the web site at <http://www.bfdrq-fordq.gc.ca> or contact the nearest FORD-Q office.

Head Office

800 Place Victoria Tower, Suite 3800
P.O. Box 247
Montreal, Quebec H4Z 1E8
Telephone: (514) 283-2500
Fax: (514) 496-8310

Liaison Office

Place du Portage, Phase II
165 Hotel de Ville Street
P.O. Box 1110, Branch B
Hull, Quebec J8X 3X5
Telephone: (819) 997-8299
Fax: (819) 997-3340

Abitibi-Témiscamingue

906-5th Avenue
Val-d'Or, Quebec J9P 1B9
Toll-Free: 1-800-567-6451
Telephone: (819) 825-5260
Fax: (819) 825-3245

**Bas Saint-Laurent, Gaspésie,
Îles-de-la-Madeleine**

2 St-Germain Street East, Suite 310
Rimouski, Quebec G5L 8T7
Toll-Free: 1-800-463-9073
Telephone: (418) 722-3282
Fax: (418) 722-3285

Côte-Nord

701 Laure Boulevard, Suite 202B
P.O. Box 698
Sept-Îles, Quebec G4R 4K9
Toll-Free: 1-800-463-1707
Telephone: (418) 968-3426
Fax: (418) 968-0806

Estrie

Place Andrew Paton
65 Belvedere Street North, Suite 240
Sherbrooke, Quebec J1H 4A7
Toll-Free: 1-800-567-6084
Telephone: (819) 564-5904
Fax: (819) 564-5912

Laval, Laurentides, Lanaudière

Tour du Triomphe II, Suite 204
2540 Daniel-Johnson Boulevard
Laval, Quebec H7T 2S3
Toll-Free: 1-800-430-6844
Telephone: (514) 973-6844
Fax: (514) 973-6851

Mauricie, Bois-Francs, Drummondville

Place du Centre
150 Marchand Street, Suite 502
Drummondville, Quebec J2C 4N1
Toll-Free: 1-800-567-1418
Telephone: (819) 478-4664
Fax: (819) 478-4666

Trois-Rivières

Immeuble Bourg du Fleuve
25 des Forges Street, Suite 413
Trois-Rivières, Quebec G9A 2G4
Toll-Free: 1-800-567-8637
Telephone: (819) 371-5182
Fax: (819) 371-5186

Montérégie

Complexe Saint-Charles
1111 Saint-Charles Street West, Suite 411
Longueuil, Quebec J4K 5G4
Toll-Free: 1-800-284-0335
Telephone: (514) 928-4088
Fax: (514) 928-4097

Northern Québec

800 Place Victoria Tower, Suite 3800
P.O. Box 247
Montreal, Quebec H4Z 1E8
Toll-Free: 1-800-561-0633
Telephone: (514) 283-5174
Fax: (514) 283-3637

Outaouais

259 Saint-Joseph Boulevard, Suite 202
Hull, Quebec J8Y 6T1
Toll-Free: 1-800-561-4353
Telephone: (819) 994-7442
Fax: (819) 994-7846

Québec-Chaudière-Appalaches

905 Dufferin Street, 2nd Floor
Québec, Quebec G1R 5M6
Toll-Free: 1-800-463-5204
Telephone: (418) 648-4826
Fax: (418) 648-7291

Saguenay – Lac-Saint-Jean

170 Saint-Joseph Street South, Suite 203
Alma, Quebec G8B 3E8
Toll-Free: 1-800-463-9808
Telephone: (418) 668-3084
Fax: (418) 668-7584

Atlantic Canada

Atlantic Canada Opportunities Agency

A key objective of the Atlantic Canada Opportunities Agency (ACOA) is to increase the number of Atlantic businesses that are active in international trade.

A federal agency, ACOA can help you identify business opportunities, offers funding resources, assists with marketing of products and services and promotes Atlantic Canada nationally and internationally.

ACOA works closely with all levels of government, the private sector and business and industry associations to maximize the benefits to Atlantic Canada region and its business community.

Further information on ACOA and its programs can be obtained on-line at <http://www.acoa.ca> or through one of the following locations.

Head Office/New Brunswick

Moncton

Blue Cross Centre
644 Main Street
P.O. Box 6051
Moncton, New Brunswick E1C 9J8
Toll-Free: 1-800-561-7862
Telephone: (506) 851-2271
Fax: (506) 851-7403

Fredericton

570 Queen Street, 3rd Floor
P.O. Box 578
Fredericton, New Brunswick E3B 5A6
Toll-Free: 1-800-561-4030
Telephone: (506) 452-3184
Fax: (506) 452-3285

Nova Scotia

Halifax

1801 Hollis Street, Suite 600
P.O. Box 2284, Station M
Halifax, Nova Scotia B3J 3C8
Toll-Free: 1-800-565-1228
Telephone: (902) 426-6743
Fax: (902) 426-2054

Sydney

Enterprise Cape Breton Corporation
15 Dorchester Street, 4th Floor
P.O. Box 1750
Sydney, Nova Scotia B1P 6T7
Toll-Free: 1-800-705-3926
Telephone: (902) 564-3600
Fax: (902) 564-3825

Prince Edward Island

100 Sydney Street, 3rd Floor
P.O. Box 40
Charlottetown, Prince Edward Island C1A 7K2
Toll-Free: 1-800-871-2596
Telephone: (902) 566-7492
Fax: (902) 566-7098

Newfoundland

Atlantic Place
215 Water Street, Suite 504
P.O. Box 1060, Station C
St. John's, Newfoundland A1C 5M5
Toll-Free: 1-800-668-1010
Telephone: (709) 772-2751
Fax: (709) 772-2712

Where to get Export Information

InfoCentre

The Department of Foreign Affairs and International Trade's (DFAIT) InfoCentre offers a wide range of information and counselling for companies interested in or actively exporting. You can access a wide range of foreign market and sector reports, information on export programs and services, international business opportunities as well as various trade and foreign policy publications.

Hotline/Walk-in Centre

To access, call **1-800-267-8376, (613) 944-4000** (Ottawa-Hull area), facsimile to **(613) 996-9709**, or write to the InfoCentre, Department of Foreign Affairs and International Trade, 125 Sussex Drive, Ottawa, Ontario K1A 0G2.

Export Information Web Site

The Internet is the Department's most advanced electronic information dissemination platform. It allows you to obtain information on trade-related activities, programs and services. The web site address is <http://www.infoexport.gc.ca>

Internet E-mail enquiries can be made to the InfoCentre by addressing correspondence to sxcii.extott@extott09.x400.gc.ca

FaxLink

FaxLink is a facsimile-based information service that offers information on trade and foreign policy subjects, programs and services, and on export and market opportunities. You must call **(613) 944-4500** from a facsimile machine and interact with the system using the key pad. FaxLink is easy to use and

accessible 24 hours a day, seven days a week. The only costs are long-distance charges if calling from outside the Ottawa-Hull area.

For more information on the FaxLink service, contact **FaxLink Administration** at (613) 944-1488 or 944-1490.

InfoCentre Bulletin Board

The InfoCentre Bulletin Board (IBB) is an electronic database which contains more than 2000 documents, including geographical and sectoral market studies; trade opportunities; government programs and services; and information on private-sector financial services. To access the IBB you must first be registered in the WIN Exports database (see below).

To access the IBB, you need a personal computer, a standard modem, telephone line and basic communications software. Dial (613) 944-1581 or 1-800-628-1581 via the modem with line settings at N-8-1, modem speed up to 14400 baud, and terminal emulation set to ANSI/ASCII.

World Information Network for Exports

The World Information Network for Exports (WIN Exports) is a computerized database of Canadian exporters and their capabilities. It is used by the Trade Commissioner Service worldwide as well as federal and provincial trade officers in Canada to match Canadian sources with foreign purchase requirements. Over 140 000 requests from foreign buyers are received annually.

Companies registered with WIN Exports have full access to the InfoCentre Bulletin Board and its extensive listing of market opportunities, and automatically receive CanadExport, DFAIT's interna-

tional business newsletter. WIN Exports is also used to identify Canadian exporters for participation in trade shows and missions.

The International Business Opportunities Centre (IBOC), which was established to help trade commissioners respond to business leads, also uses the WIN Exports database to match Canadian companies to these requests.

Information included in a company's profile are basic company particulars, products and services available for export, foreign markets/countries that your company is considering or in which it is currently active, and contacts within the company responsible for export activities. Companies are also asked to provide a profile that can be used to promote their products and services to potential buyers around the world.

It is easy to register your company in WIN Exports if you are an exporter or an export-ready firm. Just fax a request for a WIN Exports registration, on your company letterhead, to:

Export Information Systems Division (TCI)
Department of Foreign Affairs and
International Trade
125 Sussex Drive
Ottawa, Ontario K1A 0G2
Fax: 1-800-667-3802; (613) 944-1078
(Ottawa-Hull area)

Your registration request should specify your line of business and whether your company is a manufacturer or a services firm. Information concerning your company's export experience and countries to which you have exported should also be included.

Strategis

Industry Canada's *Strategis* is Canada's largest business information Internet site containing 750 000 pages of business information and invaluable trade data. Through *Strategis* you have direct access to Industry Canada's extensive expertise and resources.

Strategis will help you identify new markets, explore opportunities for growth, find partners, form alliances, discover and develop new technologies or processes, or assess the risk of new ventures. The database also provides you with information ranging from applying for loans through the *Small Business Loans Act* to incorporation, patents and trademarks.

Key business information categories on *Strategis* include:

Canadian Company Capabilities connects you to potential clients, distributors and partners across Canada and throughout the world.

Trade Data Online provides you with Canadian and U.S. information on trade trends, import market shares and other areas to help you assess your target market.

International Business Information Network provides you with contacts and information on countries and trade fairs around the world.

dISTCoverY lists over 35 000 worldwide technologies that can be licensed and used.

Contact *Strategis* on-line at <http://strategis.ic.gc.ca> or call the Help Desk at 1-800-328-6189 or (613) 954-5031, or by facsimile at (613) 954-1894.

CanadExport

CanadExport, DFAIT's twice-monthly trade newsletter, published in English and in French, carries articles on key trade activities and issues, including international market developments.

CanadExport is distributed to some 60 000 Canadian readers particularly small and medium-sized companies, informing them of new trade and investment opportunities, programs and services for Canadian exporters, trade policies, upcoming events such as trade fairs and missions, trade-related publications, and export successes and winning strategies. It also regularly features special supplements on various countries and regions and how to do business in these markets.

CanadExport is available in hard copy, or in electronic format through the Department's InfoCentre Bulletin Board service and its Internet web site.

For more information on and/or free subscription to *CanadExport*, contact:

CanadExport

Communications Strategies and Planning Division
(BCFE)

Department of Foreign Affairs and
International Trade

125 Sussex Drive

Ottawa, Ontario K1A 0G2

Telephone: (613) 992-6249

Fax: (613) 992-9276

E-mail: canad.export@extott23.x400.gc.ca

On-line: <http://www.dfait-maeci.gc.ca/english/news/newsletr/canex>

Canada's International Business Strategy

A set of documents published annually, *Canada's International Business Strategy* (CIBS) identifies emerging trends in major markets and provides global business strategies for 27 industry sectors. The CIBS Compendium is an on-line, updated list of government-sponsored trade events and promotions, and includes information on trade fairs and missions in Canada and abroad.

For more information on CIBS, contact <http://www.dfait-maeci.gc.ca/english/trade/cibs/english> on-line or the InfoCentre.

Export Financing Programs and Services

Program for Export Market Development

The Program for Export Market Development (PEMD) is the government's primary international business development program. PEMD provides conditionally repayable assistance in support of a variety of activities to help Canadian exporters expand into export markets.

The PEMD contribution is repayable based on a company's incremental export sales or contracts obtained in the target market. Preference is given to companies with annual sales greater than \$250 000 and less than \$10 million, and/or with less than 100 employees for a firm in the manufacturing sector and 50 employees in the service industry. PEMD applicants must be export-ready Canadian companies, and registered with WIN Exports.

The principal element of the program, **Market Development Strategies** (MDS), provides cost-shared (50-50) assistance on the basis of a company's one- or two-year international marketing plan for activities such as:

- market identification visits;
- trade fairs;
- product testing for market certification;
- legal fees for marketing agreements abroad;
- transportation costs for offshore company trainees;
- product demonstration costs; and
- other costs necessary to execute a marketing plan.

The **Capital Projects Bidding** (CPB) element is designed to assist Canadian manufacturing, engineering, construction, architecture and management consulting firms in bid or proposal preparation against international competition for major capital projects outside Canada. The bid value to the applicant must be greater than \$1 million. The PEMD contribution for MDS and CPB is a minimum of \$5000 and a maximum of \$50 000.

The **New-to-Exporting Companies** component of PEMD recognizes that a significant number of Canadian companies have little export experience. A maximum contribution of \$7500 is available to such companies to either visit a potential market or participate in an international trade fair.

The **Trade Association Activities** program is dedicated to the agri-food sector and provides financial assistance on a cost-shared basis to national agri-food associations engaged in export market development.

The various elements of PEMD are delivered by International Trade Centres (ITCs), regional development agencies and some provincial governments across Canada. Further information on the program, including a descriptive booklet and application forms, is available from the nearest ITC or the DFAIT InfoCentre in Ottawa (see above).

Export Development Corporation

Export Development Corporation (EDC) helps Canadian exporters compete in world markets by providing a wide range of financial and risk management services, including:

- export credit insurance, covering short- and medium-term credits;
- performance-related guarantees and insurance, providing coverage for exporters and financial institutions against calls made on various performance bonds and obligations normally issued either by banks or surety companies;
- foreign investment insurance, providing political risk protection for new Canadian investments abroad; and
- export financing, providing medium- and long-term export financing to foreign buyers of Canadian goods and services.

EDC's **Emerging Exporters Team** can answer questions about how the Corporation can help small businesses, with annual sales of up to \$1 million, succeed internationally. An EDC specialist can take your insurance or loan application over the telephone and can also refer you to other sources of export assistance. Contact **1-800-850-9626** or on-line at <http://www.edc.ca/english/index.html>

For information on the full range of EDC services, contact any of the following EDC offices:

Head Office

151 O'Connor Street
Ottawa, Ontario K1A 1K3
Telephone: (613) 598-2500
Fax: (613) 237-2690

Vancouver

505 Burrard Street, Suite 1030
Vancouver, British Columbia V7X 1M5
Telephone: (604) 666-6234
Fax: (604) 666-7550

Calgary

510-5th Street S.W., Suite 1030
Calgary, Alberta T2P 3S2
Telephone: (403) 292-6898
Fax: (403) 292-6902

Winnipeg

360 Main Street, Suite 2075
Winnipeg, Manitoba R3C 3Z3
Telephone: (204) 983-5114
Fax: (204) 984-0163
(Also serving Saskatchewan.)

Toronto

150 York Street, Suite 810
P.O. Box 810
Toronto, Ontario M5H 3S5
Telephone: (416) 973-6211
Fax: (416) 862-1267

London

148 Fullarton Avenue, Suite 1512

London, Ontario N6A 5P3

Telephone: (519) 645-5828

Fax: (519) 645-5580

Montreal

800 Victoria Square, Suite 4520

P.O. Box 124

Tour de la Bourse Postal Station

Montreal, Quebec H4Z 1C3

Telephone: (514) 283-3013

Fax: (514) 878-9891

Halifax

Purdy's Wharf Tower II

1969 Upper Water Street, Suite 1410

Halifax, Nova Scotia B3J 3R7

Telephone: (902) 429-0426

Fax: (902) 423-0881

Canadian Commercial Corporation

The Canadian Commercial Corporation (CCC) can provide you with valuable assistance if you are selling to foreign governments or international organizations. In such transactions, CCC normally signs a contract with the foreign buyer and contracts a Canadian supplier to fulfil the contract with the buyer. In other words, CCC acts as the prime contractor for the foreign buyer.

The Corporation's participation provides you with the tangible backing of your own government, enhancing your credibility and competitiveness in the eyes of foreign customers, and can often lead to the negotiation of more advantageous contract and payment terms.

CCC's services extend to every stage of the procurement process, including:

- identifying opportunities;
- providing a bid-matching service;
- helping to prepare bids;
- assisting in the negotiation and administration of contracts; and
- collecting from foreign customers and paying suppliers.

CCC's services, and the credibility it offers, are of particular benefit to Canadian small and medium-sized enterprises (SMEs), many of which may be less known internationally. Its **Progress Payment Program**, operating in collaboration with Canadian banks, can make it easier for SMEs to obtain pre-shipment financing by allowing you to draw on a special line of credit.

For more information contact the nearest Canadian Commercial Corporation office.

Canadian Commercial Corporation

50 O'Connor Street, Suite 1100

Ottawa, Ontario K1A 0S6

Telephone: (613) 995-0034

Fax: (613) 995-2121

E-mail: info@ccc.ca

Internet: <http://www.ccc.ca>

Progress Payment Program

Toll-Free: 1-800-748-8191

British Columbia Liaison Office

1330-800 Burrard Street

Vancouver, British Columbia V6B 2V8

Telephone: (604) 666-4781

Fax: (604) 775-6612

Western Liaison Office

1000-9700 Jasper Avenue
Edmonton, Alberta T5J 4E2
Telephone: (403) 497-3801
Fax: (403) 497-3562

Ontario Liaison Office

6205 Kestrel Street
Mississauga, Ontario L5T 2A1
Telephone: (905) 795-5250
Fax: (905) 795-5262

Quebec Liaison Office

5 Place Ville-Marie, 8th Floor
Montreal, Quebec H3B 2G2
Telephone: (514) 283-8791
Fax: (514) 283-8794

Canadian International Development Agency

The Canadian International Development Agency (CIDA) administers most of Canada's international development assistance programs in 140 developing countries. A significant part of these programs is implemented by the private sector through consultants, contractors and suppliers.

CIDA has developed a new contracting process which improves access to its service contracts for Canadian suppliers. Eligibility criteria have not changed: companies must be Canadian-owned (at least 51 per cent) and based in Canada; and individuals must be Canadian citizens or have permanent resident status.

The standard approach for a services contract bid valued at more than \$100 000 is to invite suppliers to pre-qualify through the **Open Bidding Service (OBS)**. For information on how to subscribe to the OBS, call: **1-800-361-4637** from anywhere in Canada, **(613) 737-3374** in the Ottawa-Hull area, or on-line at <http://www.obs.ism.ca>

To answer any inquiries on the new contracting process, call CIDA's **Contract Management Division** at **(819) 997-7778**, fax to **(819) 994-5395**, or on-line at <http://www.acdi-cida.gc.ca>

Industrial Co-operation Program

CIDA's Industrial Co-operation (INC) Program provides financial incentives to Canadian companies interested in entering into long-term business partnerships in developing countries. To qualify for the program, a project proposal must include social, economic and industrial benefits for both the developing country and Canada. That is, a requirement exists to show how the host country would benefit from the project, in such areas as new technology, job opportunities, business expansion and savings in foreign exchange, and how Canada would benefit by supplying, for example, equipment, components and services.

Eligible organizations must also demonstrate that they have the human, technical and financial resources as well as the skills and experience needed to carry out the project.

Investment

Investment-oriented programs assist eligible Canadian companies, particularly manufacturers, to conduct studies on the viability of long-term co-operation agreements with businesses in developing countries. They may also pay certain costs incurred when a joint venture is established.

Professional Services

Services-oriented programs help eligible organizations (e.g. consulting firms, financial institutions and business associations) to conduct studies and provide professional guidance and advice to potential clients in developing countries.

To apply to CIDA-INC, companies should contact the program manager responsible for the country of interest to discuss funding opportunities. A list of countries eligible for CIDA-INC assistance is available from the Agency.

For more information on CIDA programs, contact:

Telephone: (819) 997-5006

TDD (Telecommunications Device for the Deaf):
(819) 953-5023

Fax: (819) 953-6088

FaxLink: (613) 944-4500

On-line: <http://www.acdi-cida.gc.ca>

or call for information on the CIDA-INC program and other CIDA programs at (819) 953-5444;
fax: (819) 953-5024.

Business Development Bank of Canada

The Business Development Bank of Canada (BDC) has developed a wide range of financing alternatives to respond to the unique needs of every type of business – from small businesses that are just starting out to medium-sized companies ready to expand. BDC offers Canadian entrepreneurs a one-stop approach which combines both financial and management services.

For exporters, BDC's support is designed to meet the needs of businesses preparing first-time forays into foreign markets as well as those already exporting. The Bank's **New Exporters Training and Counselling Program (NEXPRO®)** focusses on broadening participants' export knowledge and developing their export skills. Through a combination of group workshops and one-on-one follow-up counselling sessions, NEXPRO helps enterprises to identify their export potential, develop export plans and implement successful export strategies.

BDC also offers a wide range of innovative financial services to meet the special needs of enterprises at all stages of the exporting process, from research and development to production and shipment. These services include term loans, working capital loans and venture loans.

For more information on the Business Development Bank of Canada, and the location of the BDC office nearest you, contact:

Head Office

5 Place Ville-Marie, Suite 400

Montreal, Quebec H3B 5E7

Toll-Free: 1-888-INFO-BDC (1-888-463-6232)

On-line: <http://www.bdc.ca>

Export Training Programs and Services

Programs for New Exporters

The **New Exporters to Border States (NEBS)** and **New Exporters to Overseas (NEXOS)** programs are targeted at Canadian companies that have not previously exported but that are ready to export.

If you are just entering the export market, the NEBS program can provide you with practical information and first-hand exposure to a United States border market. You'll travel to a Canadian trade office across the U.S. border for a two- or three-day "walk through" course on the entire exporting process as well as to attend, when feasible, a trade-related event.

Trade experts provide information on documentation and customs procedures, banking, insurance, agents, distributors and other topics. Canadian trade commissioners advise on marketing strategies and help identify contacts for follow-up meetings with manufacturers' representatives and potential U.S. buyers.

The NEXOS program helps you learn about new European markets by participating in an educational trade mission. Each NEXOS mission focusses on a specific industry sector in a specific market and includes at least one full day of exporter education, normally through a seminar. Emphasis is placed on how to export to the market covering such topics as customs procedures, market access, shipping, labelling, distribution channels and currency regulations.

For more information on NEBS and NEXOS, contact the nearest International Trade Centre or the DFAIT InfoCentre.

Forum for International Trade Training

In 1992, the Canadian business community, with the support of the provincial and federal governments, founded the Forum for International Trade Training (FITT™) to help Canadians acquire the practical skills and tools they need to compete in international markets. FITT is a diverse alliance of Canada's business and labour communities, with over 300 000 businesses from coast to coast represented by its founding members.

FITT can help you acquire the practical skills and tools you need to compete in international markets.

FITT's programs and services include:

FITTskills – a comprehensive package of courses designed specifically for business and operations professionals interested in exploring opportunities in foreign markets.

GeoFITT – a series of intensive workshops focussing on specific international markets.

CustomFITT – customized training packages tailored to suit the specific needs of businesses, concentrating on the detailed international knowledge and skills needed to turn opportunities into successful transactions.

AgFITT – designed specifically for small and medium-sized agri-food businesses.

FITT programs are delivered throughout the country, either directly at a company's place of business, or at more than 25 colleges and universities.

For more information on the Forum for International Trade Training, contact:

Forum for International Trade Training
155 Queen Street, 6th Floor
Heritage Place
Ottawa, Ontario K1P 6L1
Telephone: 1-800-561-FITT (3488) or
(613) 230-3553
Fax: (613) 230-6808
On-line: <http://www.fitt.ca>

Technology Programs and Services

Technology Inflow Program

The Technology Inflow Program (TIP) is a joint initiative of DFAIT and the National Research Council of Canada's (NRC) Industrial Research Assistance Program (IRAP) designed to help Canadian companies develop new products, processes and services through the transfer of foreign technology into Canada, when this technology is not available in Canada.

TIP assists Canadian companies in their efforts to acquire needed foreign technology in two ways:

- Technology Development Officers located in missions abroad advise companies on technology sourcing, licensing and strategic partnerships, as well as provide visitor services.

- IRAP provides financial assistance to companies for travelling abroad to investigate a previously identified foreign technology, and for working visits with prospective foreign partners, in order to acquire this technology.

TIP funding is based on cost-sharing principles. Contributions may be provided for international travel expenses related to the acquisition of foreign technology. Support for specific TIP projects are normally limited to \$10 000. Private-sector manufacturing and service firms with fewer than 500 employees are eligible to apply to the program.

Applications may be made through regional IRAP offices, and

National Research Council of Canada
Industrial Research Assistance Program
Montreal Road, Bldg. M-55
Ottawa K1A 0R6
Telephone: (613) 993-1790
Fax: (613) 952-1079
On-line: <http://www.irap.nrc.ca/irap>

Canadian Technology Network

If your business is using or planning to use technology, the Canadian Technology Network (CTN) can give you access to a wide range of technology and related business assistance and services through a Canada-wide network of advisors. CTN experts can help you solve your technology problems by providing easy, user-friendly access to technology expertise.

For more information on the services and capabilities of CTN member organizations, contact your nearest Canada Business Service Centre (*see page 39*), your local Industrial Research Assistance Program office (*see above*) or call 1-888-CTN-0001 (1-888-286-0001); on-line: <http://ctn.nrc.ca>

Gaining a Competitive Edge

International Trade Centres

The first stop for exporters is one of the International Trade Centres (ITCs) located across Canada. Trade officers at the ITCs can help Canadian exporters take advantage of opportunities in foreign markets.

International Trade Centres can be particularly useful in assisting export-ready companies to prepare their marketing plan.

They also provide up-to-date information on international markets, joint venture and technology transfer opportunities, trade fairs and missions and export-related conferences and seminars.

International Trade Centre offices are located in the following provinces:

British Columbia

International Trade Centre
300 West Georgia Street, Suite 2000
Vancouver, British Columbia V6B 6E1
Telephone: (604) 666-0434
Fax: (604) 666-0954
(The Vancouver ITC is responsible for Yukon.)

Alberta

Edmonton

International Trade Centre
Canada Place
9700 Jasper Avenue, Suite 540
Edmonton, Alberta T5J 4C3
Telephone: (403) 495-2944
Fax: (403) 495-4507
(The Edmonton ITC is responsible for the Northwest Territories.)

Calgary

International Trade Centre
639-5th Street S.W., Suite 300
Calgary, Alberta T2P 3S2
Telephone: (403) 292-4575
Fax: (403) 292-4578

Saskatchewan

Saskatoon

International Trade Centre
Princeton Tower, 7th Floor
123-2nd Avenue South
Saskatoon, Saskatchewan S7K 7E6
Telephone: (306) 975-5315
Fax: (306) 975-5334

Regina

1919 Saskatchewan Drive, 2nd Floor
P.O. Box 3750
Regina, Saskatchewan S4P 3N8
Telephone: (306) 780-6325/780-6124
Fax: (306) 780-8797

Manitoba

International Trade Centre
400 St. Mary's Avenue, 4th Floor
P.O. Box 981
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 983-5851
Fax: (204) 983-3182

Ontario

International Trade Centre
Dominion Public Building
1 Front Street West, 4th Floor
Toronto, Ontario M5J 1A4
Telephone: (416) 973-5053
Fax: (416) 973-8161

Quebec

International Trade Centre
5 Place Ville-Marie, 7th Floor
P.O. Box 247
Montreal, Quebec H3B 2G2
Telephone: (514) 283-6328
Fax: (514) 283-8794

Nova Scotia

International Trade Centre
1800 Argyle Street, 5th Floor
P.O. Box 940, Station M
Halifax, Nova Scotia B3J 2V9
Telephone: (902) 426-7540
Fax: (902) 426-5218

New Brunswick

International Trade Centre
1045 Main Street, Unit 103
Moncton, New Brunswick E1C 1H1
Telephone: (506) 851-6452
Fax: (506) 851-6429

Prince Edward Island

International Trade Centre
75 Fitzroy Street, Suite 400
P.O. Box 1115
Charlottetown, Prince Edward Island C1A 7M8
Telephone: (902) 566-7443
Fax: (902) 566-7450

Newfoundland

International Trade Centre
Atlantic Place
215 Water Street, Suite 504
P.O. Box 8950
St. John's, Newfoundland A1B 3R9
Telephone: (709) 772-5511
Fax: (709) 772-5093

Canada's Trade Commissioner Service Abroad

Canada's International Trade Centres are your connection to the international network of trade commissioners at embassies, consulates and high commissions in over 125 offices around the world, Canada's Trade Commissioner Service (TCS).

Your trade commissioner abroad is your final link in the export chain before you enter a foreign market. In the relay race of export development, trade commissioners are there to help you across the finish line.

Canada's trade commissioners abroad are your partners in the global marketplace. Living and working on site worldwide they are the eyes, ears and voice of Canadian exporters. Whether you are a small, medium or large firm in the Canadian manufacturing or service sector, your trade commissioner is a vital link to foreign markets.

Whatever market you are targeting, your trade commissioner abroad can:

- help access valuable market information and intelligence;
- provide professional and customized advice and counselling;
- assist in partnering and matchmaking;
- advocate on your behalf; and
- help find solutions to your export problems.

Before accessing the value-added and customized service of the Trade Commissioner Service, Canadian companies need to be export ready and prepared. The first step is to contact the International Trade Centre in your area. Once you are ready to enter a specific foreign market, the centre will connect you with a trade commissioner in your target market area.

Please refer to Annex II to find some of the questions you will be asked when you contact your trade commissioner abroad.

Trade Fairs and Missions

The Department of Foreign Affairs and International Trade sponsors and organizes both trade fairs and trade missions. Market information, some financial support, and assistance with the logistical details associated with participating in these events are provided by DFAIT, thus freeing a company to concentrate on its marketing efforts.

Outgoing Trade Missions

Outgoing trade missions are visits by selected Canadian firms to a target foreign market. They provide an opportunity for new-to-market companies to obtain current information and intelligence in preparation for market entry. Participants gain exposure and establish key contacts, enabling them to make informed decisions upon which to build their export marketing plans. Outgoing trade missions are organized at full cost to participants.

Incoming Trade Missions

Incoming trade missions are visits to Canada by foreign buyers/investors, designed to increase the visitors' knowledge of Canada as a potential source of supply, a place of investment, or to arrange a joint venture. They enable Canadian companies included in the itinerary to promote their goods/services to visitors and develop important business contacts.

Trade Fairs

Trade fairs abroad provide exporters, interested or newly established in the target market, with an opportunity to promote their products and services, identify potential sales opportunities, develop valuable business contacts and/or locate agents and distributors. Trade fairs also enable participants to assess competition from other suppliers and gather market intelligence which will assist them to penetrate the

market. New-to-market exporters with under 100 employees may be eligible for some financial assistance while others participate at full cost

To find out more about upcoming trade fairs and missions, please contact the DFAIT InfoCentre or the nearest International Trade Centre. (*See also Annex III and IV.*)



Annex II

Canada's Trade Commissioner Service

If you've done your research and refined your export strategy, it's time to contact your trade commissioner abroad. Your final link in the export chain, trade commissioners can provide you with the kind of tangible, practical information and intelligence you need to succeed in the international marketplace.

To promote your interests effectively, trade commissioners abroad need to know as much as possible about your company's business and export objectives. In fact, your trade commissioner will ask you the same basic questions as any potential buyer or foreign partner would ask about your company. Before visiting your trade commissioner abroad, it is important to provide the following information.

About your company here in Canada...

- How long have you been in business?
- What are your sales volumes, market share, number of employees?
- What makes your product or service competitive in Canada (e.g. quality, price, packaging, delivery, after-sales service)?

- Who are your major customers in Canada?
- Who are your major competitors in Canada?
- What distribution channels do you use (i.e. agents, distributors, others)?
- Are you already exporting? If so, to where?

About your export plans...

- What are your reasons for targeting this particular market?
- What makes you feel you have a competitive advantage in this market?
- What is your strategy for entering this market (pricing, shipping, financing, etc.)?
- What budget have you committed to marketing your product or service in this specific market?
- Who in your organization will be dedicated to pursue this export market?
- Do you have any previous experience in this market or in other markets abroad?
- Are you currently pursuing other markets?

- Have you contacted the trade commissioners in these markets?
- When are you planning your first business trip to this particular market?

These are just some of the questions you are likely to be asked when you first contact your trade commissioner abroad. Your ability to

answer them knowledgeably and completely will demonstrate your credibility, reliability and commitment to exporting in this particular market as well as the likelihood of your success.

As with all professionals, your trade commissioner abroad will ensure that any information that you share will be treated in the strictest confidence.



Annex III

Visits and Trade Fairs

Visits to potential target markets will help you answer the following questions:

- Is there a real (as opposed to perceived) need or desire for your product?
- Are there financially stable importers who are eager and able to accept your business?
- Is the economic, social, cultural and political environment what you thought it was?
- Is there competition you didn't foresee and can you meet it?
- Will you need to adjust your product, service or marketing strategy to win customers? If so, will the cost of these changes still provide an acceptable return on your investment?
- Are there any new problems to overcome or new opportunities to seize?

Organizing Your Time (DOs and DON'Ts)

DOs

- Leave enough time at the start of your visit to recover from jet lag. Use the time to check in with your Canadian trade commissioner and to familiarize yourself with the country.
- Plan to spend at least three days (or a week if a major market) in each place you visit. You'll learn as much about the country, its people and the market by osmosis as you would in a frantic round of meetings.
- Get the most out of your trip by making sure that it does not coincide with traditional holiday periods. (For example, not much work would be accomplished in Rio de Janeiro during Carnival.)
- Write to your trade commissioner upon returning to Canada and let s/he know how your meetings went, who your agent is (if you appointed one) and what your future plans are. Keeping trade commissioners fully informed helps them in looking out for sales leads and opportunities.

DON'Ts

- Don't start out on a foreign market visit without proper planning and organizing.
- Don't try to squeeze too much into your first trip. Visiting three countries in two weeks is likely all that can be absorbed effectively in a single trip, particularly if it is your first one.
- Don't believe everything you hear about the business practices in different countries – check local customs with your trade commissioner.
- Don't go to your office right away on your first day back. Take it easy – give yourself time to recover from jet lag. Spend the time at home sorting out business cards and making a list of people with whom you should follow up.

Planning Your Trip

Proper planning is vital to a successful foreign market visit. The following list highlights a number of important details that can help make your visit successful.

- If you intend to apply for assistance to make the trip (e.g. through the Program for Export Market Development), be sure to apply two to three months before your planned departure.

- Write to the trade commissioner in each target country, also two to three months in advance, and provide details of your product or service and your marketing plans. Outline what your objectives and expectations are for this visit. Let the trade commissioner know about your travel plans as soon as they have been finalized.
- When planning your itinerary use a reliable travel agent who can help you take advantage of the most efficient and economical travel routes. When you have approved the plan, make confirmed travel and hotel reservations and reconfirm them just before you leave.
- Carry a good supply of business cards printed in English or French and, if possible, in the language of the country you are visiting.
- Include a supply of business stationery, sales brochures, literature and photographs of your product for use abroad. A small dictaphone or recorder is handy for making on-the-spot notes to yourself on business details.
- Carry a list of C.I.F. prices for your products for each country on your itinerary as well as scheduled departures from major Canadian ports.
- Samples of your products, if feasible, or small gifts related to your product/service or to Canada are always appreciated by contacts. Check local customs on such items with your trade commissioner.

- Make sure that you have a valid Canadian passport and any visas required for your trip. Carry a few extra passport photos for additional visas that you may need. Also be sure to carry a record of immunization shots required for each country.
- Obtain an international driver's licence if you plan to use a car during your trip. If renting a car, reserve well in advance and reconfirm just before you leave.
- Take advantage of any memberships you may have in international service clubs – they can be an excellent means of making business contacts.
- Ask your bank manager to send a letter of introduction to a bank in each city you plan to visit. The letter can be helpful in checking references of potential customers and agents or if you run into unexpected financial difficulties.
- Background reading on the countries you plan to visit can make your trip easier. Such things as knowing the local dress codes, meal times, and how to address people will help eliminate small problems and earn you the good will of your hosts.



Annex IV

Exhibiting Overseas

After your first market visit, you may decide to exhibit your company's products and services at an international trade fair. The trade commissioner in the host country is your best source of information on any fair in the territory.

Exhibiting at a trade fair requires careful advance planning. Give yourself a full 12 months to plan and prepare for your participation. The main activities that an exhibitor should undertake prior to the fair are summarized below.

See Annex II for details on where and how to obtain information and assistance for exhibiting at international trade fairs.

12 Months in Advance

Learn about the fair by consulting literature such as show brochures, guides and catalogues. This information will help you answer the questions below and carry out the necessary activities:

- How large an area does the fair cover?
- What is the range of products?
- How many visitors, and from how many countries, attended last year and in previous years?

- How many companies exhibited last year? What countries were they from and is participation increasing or declining?
- What is the cost of booth space? What services are included and what is the cost of services that are not included?
- What is the deadline for reserving booth?
- What are the Customs and import regulations for the products you are exhibiting? Are special licences required? Can the goods be easily taken back to Canada?
- Are there other exhibit or business opportunities available in conjunction with the fair?
- What is the cost of clearing samples?
- What is the cost of an interpreter, if one is needed?

9 Months in Advance

- Mail contracts for trade fair and send reservation deposit.
- Inform the trade commissioner of your exhibit plans and maintain ongoing correspondence.
- Select your overseas exhibit team and make all travel and accommodation reservations.

- Plan your exhibit and booth space and, if possible, try to include an “office space” in which to conduct business.
- Decide whether you will design, construct or set up your own exhibit or employ consultants and finalize arrangements. Make sure fair doors, elevators, etc., will accommodate your exhibit.
- Decide on pre-fair publicity, public relations, literature, promotional material? Who will produce and translate it? Don't forget to provide fair management with your material for use in their publicity.
- Select freight forwarder and arrange shipment of exhibit.

6 Months in Advance

- Check booth design and construction schedules.
- Formulate shipping plans to meet fair requirements.
- Select and order samples and gifts.
- Determine exhibit approach; most buyers and agents like to see demonstrations, pick up literature and talk to the manufacturer.
- Plan your public relations approach. Should you send out invitations to customers to attend your exhibit and a reception? What types of media relations and advertising activities are you considering?
- Plan for adequate staffing of booth. Rule of thumb is two staffers per 9m² of booth space.
- Arrange for locally hired staff (e.g. for receptions, interpreters).
- Order exhibit supplies.

4 Months in Advance

- Finalize shipping arrangements (e.g. transportation, Customs agents, freight forwarding).
- Recheck sales and promotional materials.
- Assign personnel.
- Prepare booth staffing schedule and begin staff training. Staff should be thoroughly familiar with the product, prices, delivery capability and Customs requirements.

3 Months in Advance

- Recheck supplies and equipment.
- Arrange to ship and insure exhibit.
- Make final approvals on local publicity and advertising.
- Order badges for booth personnel.

2 Months in Advance

- Send list of booth personnel to fair management.
- Send invitations to potential customers and agents to visit your display, reception, etc.
- Recheck travel arrangements.

1 Month in Advance

- Check on delivery of exhibit, equipment and supplies.
- Arrange for exhibit repacking and return.
- Check on booth construction.

Week of the Fair

- Check hospitality arrangements.
- Set up on-site meetings and rehearsals.
- Check on arrival and clearance of exhibit and supplies.
- Prepare tool kit for emergency repairs to display units and equipment.
- Meet with photographer, arrange for desired photos.
- Prepare lists of important telephone numbers (e.g. fair manager, security, decorator, maintenance, freight handlers).
- Inform your office in Canada of your exhibit and hotel telephone numbers.

Day before Fair Opens

- Perform final check on booth, furniture and equipment.
- Finalize booth staffing schedules.
- Survey entire fair. See what competitors are doing and note ideas for your next exhibit.

During the Fair

- Schedule daily breakfast meetings to brief staff on day's activities.
- Check on the competition every day.
- Seek out foreign manufacturers of complementary product lines to discuss possible distribution arrangements.

After the Fair

- Arrange for packing and returning of exhibit/equipment.
- Check bills and service charges.
- Plan to spend a day or two after the fair to brief any agents appointed, follow up with local contacts, and visit the marketplace to check competitive products, prices, presentation and local advertising practices.
- Write follow-up letters to all promising contacts made at the fair.
- Hold debriefing meeting with permanent and locally hired staff to solicit their observations, recommendations and suggestions for improvements for future exhibitions.
- Inform the trade commissioner of your assessment of your participation and your future plans for the market.
- Check back with the International Trade Centre upon your return to Canada, and brief personnel on your participation at the fair.

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